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NEWS SUMMARY

GENERAL

Belfast train bomb kills 3

At least three people were killed and many others injured when a bomb exploded last night on a Belfast commuter train.

A bomb spotted on another train was carried to the platform at Greenisland station, north of Belfast, where it exploded. Earlier, a bomb attack on the army in South Armagh was foiled when troops unearthed a landmine beside a border road.

London blast

A Bahraini man was killed when a double bomb explosion rocked the Mount Royal Hotel in London's West End. A Palestinian group, the May 15 Arab Organisation, claimed responsibility.

The Anti-Terrorist squad said the dead man, Mr. Mohammed Soltani, may have been assembling the first bomb and that the second bomb may have exploded among the debris.

Rhodesian reprieve attacked

Rhodesia's Lord Chief Justice, Hector MacDonald, criticised British Governor Lord Soames for ordering the reprieve of 11 men sentenced to hang for murder. "The death penalty cannot be lawfully abolished by the prerogative of mercy," he said. Page 3

Energy tax

An energy tax to cut oil consumption and boost EEC financing is being considered by the EEC Commission in Brussels, says Energy Commissioner Guido Brunner.

Esso increase

Esso is to increase its wholesale petrol prices by 3.5p a gallon from this morning. The increase is in line with price rises announced by other major petrol companies. Motorists will pay another 4p a gallon. Page 6

Nuclear stoppage

An electrician, who accidentally hit a switch while changing wires, shut one of California's four nuclear power stations. Owners of the San Onofre plant said no radiation was released.

China policy

Chinese Vice-Premier Deng Xiaoping made a major speech outlining China's tasks in the next decade. His speech included a reassessment of the Cultural Revolution.

Ulster breakaway

Mr. James Kilfedder, Independent Unionist MP for North Down, has announced formation of the Ulster Progressive Unionist Party. Page 7

S. Africa aid

The West German Government has urged intensified efforts by German companies operating in South Africa to help improve the living and working conditions of black workers there.

Briefly . . .

Mr. George Bradshaw, who informed on more than 100 people, was jailed for life for the revenge murder of convicted killer Alfredo Zomparelli.

About 30,000 New York public employees will be laid off as part of measures to stave off a predicted $1bn city budget deficit.

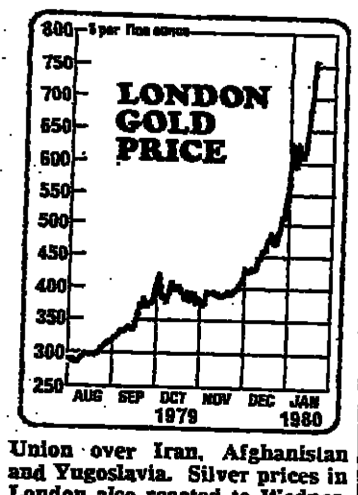
U.S. singer Willie Nelson, who in TV commercials urges Americans to drive at 55 mph, has been charged with driving at 85 mph.

Concorde has taken its 250,000th passenger to New York. U.S. businessman Mr. Wanton Balis, 73, said: "I would never fly any other way."

BUSINESS

Gold up to $760; Equities ease

● GOLD closed at $760 in London, up $5 on the day. In New York, the Comex January close was $802 ($744). Bullion markets reflected tension between the U.S. and the Soviet Union over Iran, Afghanistan and Yugoslavia. Silver prices in London also reacted to Wednesday's increases, and the spot price eased £1.75 to £19.15.



● EQUITIES became uncertain and volatile as profit-taking developed. The FT 30-share index fel 4.7 to close at 450.8. Profit-taking, influenced by the early fall in bullion, led to losses of 1½ points by South African GOLDS, and the Gold Mines index eased 17.1 to 339.0.

● GILTS slipped 0.22 to close at 68.30.

● STERLING moved erratically, dipping on concern over the steel strike but closing at $2.2770, a 90-point rise on the day, its trade-weighted index down 1 point to 71.6. DOLLAR was steady and its trade-weighted index improved to 84.7 (84.6).

● WALL STREET was down 1.20 near the close, at 863.98.

● SWEDEN raises its discount rate from 9 per cent to 10 per cent today. Page 2

● HK$617m (£55m) LOAN, the biggest assembled in the currency, was signed in Hong Kong with Bank of China leading the syndicate with Hong Kong and Shainghai and Chase Manhattan Banks. It goes to China Cement. Page 26

● PORTUGAL is to allow the right to establish private banks and insurance for the first time since the 1974 revolution. Page 2

● NETHERLANDS Credit Insurance paid Fl 14m (£3.2m) last year to Dutch companies for trading losses with Iran and faces Fl 100m worth of outstanding claims. Page 4

LABOUR

● WATER and sewerage manual workers are to begin drafting plans for a total strike unless they receive a favourable response to their comparability claim. Back Page

● LLOYDS BANK is closing eight Trust division branches, with the loss of 300 jobs. Page 10

COMPANIES

● GRANDMET pre-tax profits for the year to September 30 rose from £115.94m to £136m. Page 20; Lex, Back Page

● GESTETNER pre-tax profits fell £7.02m to £19.08m on turnover up from £253m to £267.6m for the year ended November 3. Page 20 and Lex, Back Page

● ROSARIO RESOURCES of the U.S. has called off a proposed $340m (£150m) merger with Amax because of a higher bid from Hudson Bay Mining and Smelting. Page 26

● GHH, the West German mechanical engineering group, is well on the way to improved results for 1979-80. Page 27

● BRITISH ELECTRIC Traction edged ahead £500,000 to £34.88m on turnover up from £334.12m to £372.77m in the six months to September 30. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Corn Exchange	268	+ 11	Treas. 14pc 98-01	£100¼	− ¼
Davenports Brewery	155	+ 9	Beecham	123	− 4
House of Fraser	134	+ 10	BET Dfd.	121	− 4
Lonrho	105	+ 4	British Sugar	132	− 7
Lucas Inds.	250	+ 5	Dixons Photographic	97	− 7
Midland Bank	362	+ 10	Eurotherm	283	− 12
Royco	48	+ 7	Fisons	289	− 8
Turner and Newall	142	+ 8	GEC	349	− 7
United Carriers	144	+ 7	Gnome Photo	58	− 5
Siebens (UK)	540	+ 34	Grand Metropolitan	140	− 5
Castlefield (Klang)	420	+ 10	Kitchen Queen	26	− 4
Mount Lyell	84	+ 6	Magnet & Southerns	135	− 9
S. African Land	312	+ 8	Muirhead	239	− 7
Wit. Nigel	123	+ 13	Tate and Lyle	156	− 10
FALLS			Doornfontein	632	− 61
Excheq. 11½pc 84	£89¾	− ⅛	East Rand Prop.	£13¾	− 1½
			Leslie	150	− 17
			Saint Helena	£14½	− 1½

Ministers agree to meet unions on steel strike

BY CHRISTIAN TYLER and ROY HUDSON

A conciliatory gesture from the Government toward the main steel trade unions yesterday has opened new avenues for settlement of their 16-day strike.

Sir Keith Joseph, the Industry Secretary, and Mr. James Prior, the Employment Secretary, have been asked by Mrs. Margaret Thatcher to meet leaders of the two unions principally involved in hte strike, possibly as early as Monday.

Because the request for a meeting came from the unions themselves, Government Departments were stressing last night that Mrs. Thatcher's reply did not constitute an initiative or an intervention.

But the biggest union, the Iron and Steel Trades Confederation, described the move as "a step in the right direction."

This might correct what the ISTC claims is Ministerial bias in favour of BSC, and give the unions their first chance to explain their case. The invitation has been accepted.

While the Government was attempting to cool the political temperature, BSC raised it by announcing that it wanted the unions to accept 11,337 redundancies by August at Port Talbot and Llanwern, the two modern strip steel works in South Wales.

Though the least drastic of three options for South Wales considered by BSC, the decision did nothing to placate the unions, which with TUC buacking have demanded that all closure plans be withdrawn for "full consultation."

The TUC General Council will decide next week whether to set a deadline for national industrial action that would greatly extend the scope and seriousness of the present pay strike.

The Wales TUC has already threatened an indefinite general strike from March 10 in protest at job losses in steel, coal and on the railways.

Government spokesmen said that the Minister's meeting with Mr. Bill Sirs of the ISTC and Mr. Hector Smith of the National Union of Blastfurnacemen would not necessarily lead to an interview with the Prime Minister herself. Both sides say that the meeting will not involve direct negotiations.

But Mrs. Thatcher's letter to Mr. Sirs clearly suggests that she may see them subsequently.

She wrote: "I know that you will understand that if I meet you and Mr. Smith, I should have to extend a similar courtesy to Sir Charles Villiers and Mr. Scholey [chairman and chief executive of BSC] with whom, contrary to reports in today's newspapers. I have not at any time discussed the dispute."

Though the meeting was strenuously played down by officials as a matter of courtesy in reply to a request, it gives the Government a line to the unions for the first time in the dispute.

It also suggests that Mrs. Thatcher has seized an opportunity to ward off Parliamentary criticism that she was taking her "non-interventionist" stance too far.

In spite of the strike the Board of British Steel decided yesterday to insist upon agreement with the unions on its Suoth Wales redundancy plan being reached by the end of March.

The cuts involve each works being dun down to only 40 per cent of its designed output. The corporation makes no secret, however, of its determination to close one of the two works entirely if agreement on the so-called "slimline" operation is not reached.

After a Board meeting statements issued in London and Cardiff said: "If practices and performance achieved did not justify this combined operation, ten BSC would inevitably be faced with the necessity of a total works closure."

The cuts are the most drastic

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Strikes effects, Page 5
Parliament, Page 7

North Sea oil price set at $29.75 a barrel

BY RAY DAFTER, ENERGY EDITOR

THE REFERENCE price for North Sea oil has been fixed at $29.75 a barrel by the British National Oil Corporation. The decision, announced last night, means that the UK has put itself firmly into the camp of the pricing moderates.

Mr. Alastair Morton, chairman of BNOC Trading, conceded that a number of "hawkish" companies of challenge the price and seek a higher rate through reference to a panel of experts. However, it was expected that well over 75 per cent of the crude oil either bought or sold by the corporation would be traded on the basis of the reference price, with the agreemnt of companies concerned.

The announcement ends more than two weeks of fierce debate within the industry over the true market price of North Sea crude oil. Under state participation agreements, BNOC must buy oil from North Sea producers at a price that will leave them financially no better, or no worse, than they would otherwise have been. In other words North Sea oil must be bought at world market prices.

However, the deliberations have been complicated because two North African producers which export crude oil similar to that in the North Sea have applied special surcharges. Algeria is charging a total of $33 a barrel, Libya up to $34.72. On this basis, a number of companies—principally those without UK refinery operations—have argued that North Sea prices should be higher than $29.75.

BNOC has fixed the price to correspond with the rates now being charged by Nigeria, another producer of similar crude. Nigeria charges about $30 a barrel.

The major North Sea companies, like British Petroleum, Shell and Esso, are expected to agree to the $29.75 a barrel reference because it is in their interest to feed their refineries with as much low-priced crude as possible.

Rhodesia boost for T& N

BY ANDREW FISHER

TURNER AND NEWALL, the industrial group, lifted the veil on its Rhodesian operations yesterday, disclosing a sharp jump in its net asset value from £6.3m to £92m in the past 14 years of sanctions.

The company, making plastics, motor parts and construction materials, said its Rhodesian activities might earn about £12m in pre-tax profits this year, including a small £330,000 contribution from gold mining.

Turner's shares rose to close at 142p. Some market observers said that its UK cash flow was unlikely to benefit as no dividends had been paid from Rhodesia. The group cannot say if and when they can be resumed.

Apart from three small gold mines acquired by the Rhodesian management in the sanctions period, Turner's operations there consist of three asbestos mines and a company making construction and industrial materials.

Turner said its Rhodesian profit assessment for this year assumed a £6.7m depreciation charge and was dependent on an end to the fighting; no interruptions to mining, shipments or manufacturing; and conditions which did not undermine profit margins.

Since 1965 Turner's managers in Rhodesia have used their cash flow to improve mine conditions and raise capacity. They invested in the gold ventures and acquired local companies making steel tubes and pipes, brake linings and automotive gaskets.

Between 1966 and 1978 Turner's interests in its Rhodesian subsidiaries, which it calls the RH group, have been included in overall group accounts at a mere £400,000. In the past 14 years, retained profits of £61m (R$91m) have been capitalised into additional equity capital of the RH group.

The group's decision to present details of its Rhodesian assets follows a recent visit there by Mr. Martin Bell, the finance director. Mr. Stephen Gibbs, the chairman, will go there next month.

Mr. Gibbs said last night that most of the Rhodesian asbestos, of superior quality to that from elsewhere, had already been sold ahead this year on firm contracts.

In 1977 the group earned £45m, with a drop to £38m in 1798 and a further slight dip expected for 1979, results due in March.

Capital spending by the Rhodesian operation this year should be "about £20m."

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BUDGET DAY MARCH 25

No early interest rate shift likely

By Peter Riddell, Economics Correspondent

THE BUDGET will be presented on Tuesday, March 25 and it now seems unlikely that interest rates will change significantly before then.

The confirmation in Parliament yesterday of the Budget date means that a series of announcements both about public spending, including the revised plans for 1980-81, and about fiscal and monetary policy will be grouped together within a few weeks in March. This will amount to the presentation of revenue and expenditure plans alongside eachother, as has been urged by fiscal reformers.

It is unlikely that the Government will want to take any major initiative on monetary policy until the public sector borowing target for 1980-81 is clear.

The authorities are taking a cautious view of the scope for an early change in Minimum Lending Rate—17 per cent for the last two months—in spite of the marked slowdown in the rate of monetary growth over the last couple of months and recent very large sales of gilt-edged stock.

Bank of England figures published yesterday show that sterling M3, the broadly defined money supply, rose by 0.4 per cent in the three weeks to mid-December following a 0.6 per cent. increase in the previous month.

Over the six months since the start of the current target period last June sterling M3 has risen by 5.6 per cent, eqivalent to an annual rate of 11¼ per cent. This compares with a permitted target rate of increase of 7 to 11 per cent.

The recent slowdown means that the annual rate of increase has come down from 14¼ per cent since mid-October. However, a further one to two points should really be added to the published figures to allow for the growth of acceptance credits or commercial bills held outside the banking system. These are excluded from the official statistics though they are a form of lending.

The recent figures obviously

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£ in New York

—	Jan. 16	Previous
Spot	$2.2665-2680	$2.2830-2845
1 month	0.92-0.87 dis	0.59-0.54 dis
3 months	1.59-1.52 dis	1.38-1.25 dis
12 months	4.10-3.90 dis	3.55-3.35 dis

Bonn support for U.S. on sanctions

BY LESLIE COLITT IN BERLIN

HERR HELMUT SCHMIDT, the West German Chancellor, pledged yesterday that his Government will support U.S. economic measures against both Iran and the Soviet Union, although this will "mean economic sacrifices for us."

In a major foreign policy speech to the Bundestag, he said that West Germany has a special interest in continuing its dialogue with the Soviet Union during the current "stormy political weather," and that he still intends to meet both the President Leonid Brezhnev of the Soviet Union and the East German leader, Herr Erich Honecker.

Chancellor Schmidt said Bonn will stand by the U.S. in the measures Washington takes against Iran in trade, transport and banking as well as against the Soviet Union "especially within the framework of the European Community and COCOM (NATO's co-ordinating committee on the export of strategic goods to Warsaw Pact countries)."

Herr Schmidt said the Soviet Union has isolated itself in the Third World as never before by its "flagrant intervention" in Afghanistan. West Germany will intensify its economic aid to Pakistan and will provide humanitarian assistance for Afghani refugees.

India is to remain the largest recipient of German development aid, and Herr Schmidt said West Germany is ready to take the initiative once again in offering special economic assistance to Turkey.

The West German Chancellor noted that although detente had suffered a "serious reversal by the Soviet invasion of Afghanistan" which would be felt in Europe, Bonn would strengthen its efforts to secure peace on the Continent.

"Our policy of detente is not appeasement," the Chancellor declared. West Germany would seek to preserve the four-power agreement on Berlin, Bonn's treaties with the Soviet Union, Poland and East Germany, and "what has been achieved between East and West since the 1975 Helsinki Declaration."

Herr Franz-Josef Strauss, the opposition candidate for the Chancellorship in the October general elections, replied by offering to co-operate with the Government, claiming that it had wrongly assessed the Afghanistan situation and was unable by itself to master the problems facing it.

● Fighting broke out yesterday between Soviet troops and Afghan army units near Kabul airport, according to reports reaching Pakistan.

Grain ban, Page 2
Farming and raw materials, Page 33

UK taskforce sails to Med

A Royal Navy taskforce was last night heading for the Mediterranean in a gesture of British support for President Carter.

Although officially the warships—an amphibious warfare ship, three frigates and two support ships—are on training duties, it is understood they will replace a U.S. Navy group now being sent to the Gulf. **Britain wants Olympics changed, Page 7**

Iran Minister hits out

BY SIMON HENDERSON IN TEHRAN

MR. ABOL HASSAN Bani-Sadr, the Iranian Finance Minister, has attacked the Soviet Union in the strongest terms used by Iran since the start of its invasion of neighbouring Afghanistan last month.

In a speech published yesterday by the official Pars news agency, Mr. Bani-Sadr accused Moscow of wanting to divide Iran and push on from land-locked Afghanistan to the Indian Ocean.

Until now, Iranian reaction to the events in Afghanistan has been muted, taking a distant second place to the dispute with the U.S. over the Embassy hostages.

Mr. Bani-Sadr, who is a prominent member of the ruling Revolutionary Council, and the leading candidate in next Friday's presidential elections, suggested strongly that the Soviet Union may have an interest in fuelling the challenge posed by ethnic minorities to the Khomeini regime. "They want us to be divided rather than united so that they can capture the divided parts,"

But it may be that the Minister spoke without first consulting either Ayatollah Khomeini or the Revolutionary Council. Endorsement of his views by other leading figures, or an indication that Iran is to give practical help for the first time to the Afghan Moslem guerrillas, would be a serious setback for the Soviet Union.

EEC is urged to adopt an oil import tax

BY JOHN WYLES IN BRUSSELS

OFFICIALS of the European Commission have dusted off an ageing proposal for an EEC oil import tax which it is argued would give the Community a more credible energy policy. It is also suggested that it might help solve the row over Britain's contribution to the Community budget.

Although Britain and some other member states were doubtful yesterday whether the proposal or anything similar would be transformed swiftly into EEC policy, they acknowledged that it might have attractives features. The idea has the support of Mr. Roy Jenkins, president of the Commissioner and of Herr Guido Brunner, the Energy Commissioner.

But British officials stressed it was only one of several ideas for developing Community energy policy and that any new initiative was bound to take several months to refine and agree. In the meantime, Britain must have a satisfactory reduction of its expected £1.2bn net contribution to the EEC budget within the next few weeks.

In essence, the energy tax plan is for a straightforward tax on imported oil, the proceeds from which would go into Community coffers. It is said that a tax of £2.56 per tonne would swell the EEC's resources by £1.3bn a year and relieve some of the pressure created by rising agricultural spending.

Energy officials suggest that a large proportion of the extra revenue could be dedicated to developing alternative energy supplies and reducing the Community's dependence on foreign oil. In particular the energy-poor countries such as Italy and Denmark could expect to receive aid to help them cut their oil imports.

The opportunities for Britain are said to be twofold. With the Community price for oil pushed higher than the world market price, its oil revenues would be corrsepondingly increased because North Sea oil would not count as an import. That would provide a real incentive to boost British oil exports to the EEC from 58 per cent of current total output closer o 100 per cent.

At the same time, the expansion of Community revenues would give the EEC more scope to boost its spending in Britain, thus reducing Britain's net contribution.

Tehran links oil to Eurodif settlement

BY TERRY DODSWORTH IN PARIS

THE IRANIAN authorities have hit back at France's freezing of Iran's assets in Eurodif, the uranium enrichminet company by suggesting that new oil supply contracts may depend on the release fo these funds from the French group.

This issue has been raised in discussions with Compagnie Farncaise des Petroles (CFP), France's largest oil group in which the Government has a 35 per cent stake and 40 per cent of the voting shares.

CFP officials have recently returned empty-handed from Tehran after several days of talks aimed at tying up supplies of 5m tonnes of crude oil, or 100.000 barrels a day.

The French company stressed yesterday that the Iranian talks have not been broken off. But it has also pointed out that it is not competent to deal with the Eurodif issue, which involves finance advanced by the Iranians through separate loan and equity arrangements.

Problems over the Eurodif assets date back to early December which the French commercial court froze the Iranian funds in the company because of doubts on whether Iran would continue its financing programme.

Under the original agreement, Iran advanced a US$1bn loan to the enrichment company, as well as taking up a 10 per cent stake which was to be bought by the injection of FFrs22bn ($5.2bn) over a period up to 1981. When the Iranians mothballed their nuclear power programme, they also indicated that they did not want to advance any further payments to the French company, which they had originally financed to ensure their supplies of enriched uranium.

Failure to tie up a contract with Iran would be a serious blow to CFP. The company is currently taking about 70,000 bonds a day of crude from Iran, representing about 5 per cent of its own needs and 3 per cent of France's.

Algerian 'quarrels remain'

BY DAVID WHITE IN PARIS

A GRADUAL THAW in relations between France and Algeria is expected to be accelerated by talks which start in Paris today between Mr. Mohamed Benyahia, Algeria's Foreign Minister, and French Government leaders.

Relations have been overshadowed by two main issues in recent years: France's support for Morocco and Mauritania in their conflict with the Algerian-backed Polisario over the Western Sahara and the precarious situation of 800,000 Algerians living in France.

Friction between Algiers and Paris over the Western Sahara has lessened in the last 18 months since the coup d'état in Mauritania and the Polisario's ceasefire with that country. But Mr. Benyahia, in an interview with Le Monde, has said that the conflict still threatens security in the region and might worsen.

He said Algeria's quarrels with France were still not settled, particularly the question of immigrants, which could create a crisis between the two countries if France ignored its historical responsibility.

Algerian workers whose permits were due to expire at the beginning of this year have been given a 12-month extension. But Algiers, concerned about France's tightening of controls on immigrants, wants further guarantees as well as assistance for accommodating those who accept French Government incentives to return to Algeria.

Ceausescu orders boost to defences

By Our Foreign Staff

ROMANIA HAS decided to strengthen its defences to face what President Nicolae Ceausescu described yesterday as "the most tense international situation since the Second World War."

President Ceausescu did not directly mention the crisis over Afghanistan but appeared to make Romania's strongest criticism yet of the Soviet invasion by condemning what he called "military adventures." Romania was the only Warsaw Pact state which refused to support the Soviet Union in the UN General Assembly debate earlier this week.

The President told the congress of the Socialist Unity Front organisation in Bucharest that Romania would re-equip its army and step up training of its workers' militia and paramilitary youth groups "to defend national independence and sovereignty."

According to the International Institute for Strategic Studies, Romania has one of the smallest armed forces and defence budgets in the Warsaw Pact. Its total regular forces only amount to 180,500, backed up by 450,000 reserves, out of a population of 22m. Defence expenditure last year amounted to only $1.26bn out of a GNP of $76bn.

Most of its equipment consists of ageing Soviet-supplied material but it is also involved in a joint fighter programme with neighbouring Yugoslavia for which Rolls-Royce is supplying the engines.

No Soviet troops are stationed on Romanian soil, or in neighbouring Bulgaria. Romania also has a close identity of views on most foreign policy issues with its other main neighbour, Yugoslavia.

Hitherto, Romania has been allowed to pursue its increasingly independent and nationalistic foreign policy without provoking Soviet intervention. But it has feared such a possibility on several occasions, notably at the time of the Soviet invasion of Czechoslovakia in 1968. The Afghanistan invasion and fears for the health of President Tito appear to have re-awakened Romania's sense of vulnerability.

Recently, however, there have also been growing signs of internal unhappiness with the tight security and low living standards imposed on the population by a tough policy of rapid industrialisation.

President Ceausescu's latest call for Romanians to "make every effort to strengthen the unity and might of our nation and to defend its revolutionary achievements" might also reflect the regime's desire to take advantage of heightened international tension to strengthen its own internal position.

Meanwhile in Belgrade, President Tito is reported to be resisting the advice of his eight man medical team who believe that amputation of his left leg is now the best guarantee against the possibility of gangrene developing. A terse official bulletin confirmed that the blood clot and circulatory problems in his leg have worsened although his overall state of health has improved.

Dublin fares up

The Irish national transport company, CIE, has announced a 20 per cent rise in bus and rail fares, writes our Dublin corespondent. Dublin city fares have risen 60 per cent in the past two years but the new revenue will still fall short of CIE's increased labour and fuel costs.

The EEC makes the White House guest list

BY JOHN WYLES IN BRUSSELS

PRESIDENT CARTER is going to see him on Tuesday; Vice-President Mondale too. Mr. Robert Strauss, the President's campaign manager, will have a few words with him, while Mr. William Miller, the U.S. Secretary of the Treasury, and Mr. Paul Volcker, chairman of the Federal Reserve Board, have a number of items they want to talk to him about. Congressional leaders have set aside time for him because they are keen to hear the latest word from Western Europe.

All of which would suggest that President Giscard d'Estaing, of France, or Chancellor Helmut Schmidt, of West Germany, might be about to descend on Washington in the first half of next week. Not so.

The White House doors and those of other illustrious institutions will be opening to admit Mr. Roy Jenkins, now in his fourth and last year as president of the European Commission. Clearly, the schedule of top level meetings says a great deal about the importance the Carter Administration attaches to Mr. Jenkins himself, to the European Commission and to the EEC.

In many ways, it represents a flowering of a relationship which Mr. Carter has done much to foster out of a long-standing American desire to deal with the Community on matters upon which it can speak with a single voice, rather than bilaterally with member states. The development has been gradual, noted with varying degrees of approbation among EEC member governments but barely appreciated by their peoples.

Mr. Jenkins: flowering of a relationship

The contrast with the situation of only 10 years ago is a marked one and somewhat a measure of the Community's development during a period when it has taken few significant steps towards supranationalism.

Much has changed since then, partly because the U.S. wanted the change, and partly because the EEC governments have become increasingly effective at aligning their positions on the issues which have dominated the international agenda during the 1970s. They have also changed because the Commission itself has competent policy initiating authority on some of these issues.

First and foremost among these is trade, which is the original basis of the Commission's importance to Washington and the lubricant, and occasionally the abrasive, in its relations with successive Administrations.

The Community, quite simply, is the largest trading bloc in the world and, as the largest importer of U.S. agricultural products, is the U.S.'s most vital vital trading partner.

When the EEC was in its infancy, the Kennedy Administration saw trade liberalisation as adding a new dimension to the existing transatlantic military and defence ties embodied by NATO.

It was Kennedy's Declaration of Interdependence in 1962 which spawned the Kennedy Round of tariff cutting negotiations between the then six-member EEC, leading to the first major trade liberalisation agreement of 1967.

Thereafter, trade was established as one of the dominant topics of the EEC-U.S. relationship. Within the U.S., fears steadily mounted about the impact of imports from the EEC on domestic industries and Dr. Henry Kissinger, the former U.S. Secretary of State, records in his recent memoirs that as early as 1969 some Administration voices were increasingly questioning the wisdom of the U.S.'s virtually unqualified support for EEC enlargement and European integration.

By the late 1970s these voices had certainly modified Washington's approach. "There are no true believers now in the sense that the State Department can justify making concessions to the EEC purely on the grounds that it will help the Community's further political development," said a U.S official here this week.

Thus, in the past few years, wrangles over cheap exports of European steel and of Italian footwear to the U.S. or of U.S. chemical products to the Community have seemed the dominant and troubling motif in U.S.-EEC exchanges. Though important, they have not been truly divisive for several reasons.

First, neither side has seriously questioned the other's commitment to trade liberalisation. Secondly, this commitment has been embodied for the past six years in the very close and often delicate negotiations leading to last year's new GATT agreements. Thirdly, a system of biannual top-level meetings between U.S. officials and EEC Commissioners generally assure a high level of understanding of each other's problems and a readiness to negotiate their settlement. Fourthly, the accession of the UK has injected Britons into a number of senior Commission positions on the external relations side.

The last point is not insignificant given the traditions of the "special relationship" with its ease of contact at official level.

Before joining the Community, British governments had long relished the role of interlocutor between Europe and the U.S. and their contribution in recent years has been to develop just such a role for the Commission.

For its part, the U.S. has responded sensitively and Mr. Jenkins' presence since 1977 at the Western economic summits, alongside EEC heads of government, owe much to President Carter's support. This, in turn, has tended to strengthen Community initiatives to the extent that the commitments to curb energy consumpion which came out of last year's summit in Tokyo stemmed largely from a position hammered out at the preceding European Council in Strasbourg.

At the same time, the development of the European monetary system and the prospect of some kind of European Monetary Fund is taking the Commission's competence into the international monetary arena. Finally, the efforts made by the Nine to forge a common position in the North-South dialogue adds further importance to the exchanges between Brussels and Washington.

Swedish discount rate rise

By William Dullforce in Stockholm

SWEDEN'S RIKSBANK (central bank) will raise its discount rate from 9 per cent to 10 per cent today "in order to adjust Swedish interest rates to the international level and restrict the outflow of currency." This is the fourth increase since last July. The previous increase, on November 23, had already pushed the discount rate to its highest level in modern times.

The chief reason for the latest rise would seem to be the failure of the November increase to halt the outflow of currency from Sweden. During the intervening period, currency reserves have declined by only SKr 229m but the State Debt Office has at the same time repatriated SKr 2.28bn in foreign loans.

On January 15, the currency reserves amount to SKr 15.3bn. In May last year, they totalled just under SKr 18bn.

State foreign borrowing of more than SKr 9bn was needed in 1979 to cover the foreign payments deficit and the 1980 finance plan published by the Government last week forecast further foreign borrowing by the state of SKr 10bn-15bn this year.

The change in the discount rate is accompanied by an increase from 6 per cent to 8 per cent in the cash quotas which commercial banks are obliged to keep in the Riksbank. This move, which follows a similar two percentage points rise in November, aims at holding back domestic demand for credit and is seen by the Riksbank as "a step in the effort to fight inflation."

The cash quota increase will take some Skr 3.7bn (£390m) out of circulation immediately and a further Skr 700m in February, when the calculating base for the quotas changes.

Moscow tries to justify invasion to Communist critics abroad

BY DAVID SATTER IN MOSCOW

IN THE frankest Soviet explanation yet of the invasion of Afghanistan, the journal New Times yesterday said the Soviet Union could not have ignored the opportunity to aid the Afghan revolutionaries because that would have been an evasion of "internationalist duty."

In an article intended to counter foreign Communist criticism of the Soviet invasion, New Times said that "internationalist solidarity" among revolutionaries involves not just "verbal wishes of success" but also "under extraordinary conditions, material, including military assistance."

New Times said that those foreign Communist and left-wing democrats who see a conflict between "internationalist solidarity," which was represented in the Soviet invasion, and the principles of "non-interference and sovereignty in inter-state relations" ignore "the radical difference in the nature and foreign policy objectives of socialism and imperialism."

The weekly said that the history of the revolutionary movement, including the case of Spain in the 1930s and China in the 1920s, confirms the "moral and political justification" for the kind of military action that the Soviet Union gave in Afghanistan.

Meanwhile, the Soviet news agency Tass quoted a top Afghan official as saying that Mr. Hafizullah Amin, the former President of Afghanistan, was taking steps to co-operate with the U.S. before he was overthrown. Mr. Amin, who was executed shortly after the Russian invasion, has been called an agent of the American CIA.

Poles see problems for USSR

BY CHRISTOPHER BOBINSKI IN WARSAW

A POLISH newspaper has admitted that the U.S. embargo on grain sales to the Soviet Union could affect Soviet animal production. Rynki Zagraniczne, a publication specialising in foreign trade, says it will be almost impossible for the Soviet Union to buy elsewhere the equivalent amounts of feed-grains, especially maize.

However, fears that the embargo will affect U.S. grain sales ot Poland have been allayed by U.S. officials in Warsaw. Poland has just come through a bad harvest which has put up the country's grain import requirement from 5m tonnes to 9m tonnes.

Part of Poland's grain imports are being financed by the $500m U.S. Commodity Credit Corporation credits and credit guarantees which were granted last November.

Polish officials stated that Poland will not buy grain on behalf of the Soviet Union and added that the country's ports cannot tranship much more than 8m tonnes of grain a year.

In a recent interview a Government Minister responsible for ports and shipping admitted that already twice as much grain is coming through Poland's ports as they were originally designed for.

Lisbon to lift private banks ban

BY JIMMY BURNS IN LISBON

PORTUGAL IS to honour its obligations as a future member of the EEC by allowing the establishment of private banks and insurance companies for the first time since the 1974 revolution.

This was confirmed yesterday by Sr. Rui Almeida Mendes, the new Secretary of State for European Integration who is to lead Portugal's negotiations on EEC membership when they resume next month.

Sr. Mendes said his centre right Government would lift restrictions on the activities of the private sector in key areas of the economy later this year. The Government believes that present legislation defining banking as a reserve of the public sector is incompatible with Portugal's eventual membership of the EEC.

Sr. Mendes has taken up his appointment as part of a major reshuffle aimed at making Portugal's EEC negotiating structure more efficient.

The Government intends to accelerate negotiations with the EEC, completing them by the middle of next year. Sr. Mendes expects Portugal to become a full member on January 1, 1983.

Next month's meeting with EEC officials will be the first to be at Ministerial level since negotiations formally opened

The two sides have already exchanged "dossiers" on a number of major topics including fiscal policy, capital movements, and free circulation of labour. Agriculture and budgetary matters are yet to be discussed.

Autonomy move angers Andalusia

By Robert Graham in Madrid

A DECISION by the Spanish Government to revise its regional policy and slow the pace of devolution has caused widespread protest in Andalusia, the region most affected.

The move has followed intensive meetings of the executive of the ruling Union de Centro Democratico (UCD) this week and means that future devolution will proceed on a different constitutional basis.

This will make it harder for regions to obtain the kind of institutions granted to the Basque country, Catalonia and about to be granted to Galicia. There will also be many more obstacles to achieving autonomy.

The Government argues that it must rationalise the process of regionalism both to play down exaggerated hopes and to ensure a proper regional balance of wealth.

In practice, this indicates concern in Madrid at the consequences of its promise of equal autonomy for all parts of Spain—a promise made to dilute the demands of the Basques and Catalans.

One consequence has been the upsurge of regional political parties, particularly in Andalucia, the Canaries and Extremadura, which threaten to upset the parliamentary balance in future elections.

The essential difference in the new constitutional procedure is that a referendum will have to be held in the region on whether it should opt for a special regional statute.

The statute also will be granted only if the referendum is approved by the region as a whole and in each of the region's provinces.

In the case of Andalucia, the UCD announced this week it would campaign for a boycott of the referendum scheduled for February 28. This could prevent any real progress for another five years.

Price spiral warning in Norway

By Fay Gjester in Oslo

NORWAY IS on the threshold of another inflationary upsurge in wages and prices following a 15-month price and incomes freeze, a prominent banker warned this week.

Mr. Sverre W. Rostoft, managing director of the Norwegian Commercial Banks Association, said he did not believe Norwegian politicians would be able to resist the temptation to spend the rising oil earnings.

"Norwegian wage costs will be pushed up, and prices with them," he forecast.

The government's 1980 lending ceilings were totally unrealistic, Mr. Rostoft claimed. The government's own economic programme would require a far greater expansion of lending than the ceilings envisaged.

Meanwhile, a Central Bureau of Statistics survey of 600 leading Norwegian mining and manufacturing companies shows that 68 per cent expected to make profits in 1979. Twelve per cent expected to show a loss and 20 per cent did not reply. About half the companies which turned in losses in 1978 (19 per cent) expected to make a profit in 1979.

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Switzerland reluctantly abandons its home-made battle tank

BY JOHN WICKS IN ZURICH

INSTEAD OF giving a plum defence contract to local industry, the Berne Government has just taken the controversial step of refusing to "Buy Swiss." The Federal Council said this month it would forgo the development of a new tank type à la Suisse, deciding instead—to the horror of industrialists and trade unionists—to evaluate existing foreign models.

A short list has already been approved. It contains the German "Leopard II" and the American-designed "XM-1." Other models, though not Swiss ones, may also be examined.

The decision marks an unusual break with customary Swiss defence policy. Having been surrounded by warring nations twice this century, the country feels that its success as a neutral "hedgehog" depends to a large extent on its preparedness to look after itself. Thus Switzerland maintains a militia army, heavily subsidised agriculture, operates an ocean fleet, keeps substantial strategic reserves and supports a national arms industry.

In the procurement of military material, however, full self-sufficiency is virtually impossible. Switzerland has no facilities for developing its own fighter aircraft. Nor does it have the basic electronics industry for many of today's sophisticated control systems.

But where local supplies can be used, independence has been sought. Important uniform orders have traditionally gone to cottage-industry workers in Switzerland. And in a remarkable case last autumn, an Austrian-born village butcher was deemed unsuitable as a supplier to the nearby Army camp. On a larger scale, the Swiss armaments industry has had a home market for years—and earlier tank models, the Panzer 61 and Panzer 68, were developed as a joint venture between the confederation and private enterprise.

When it became time to consider replacing the Swiss Army's existing Centurion tanks, the Government again thought first of a local solution. A development grant was made available between 1975 and 1978, and this spring the Contraves division of the Oerlikon-Bührle group (Switzerland's biggest arms manufacturer) presented plans to the authorities.

Both the engineering industry and the unions welcomed the idea of Swiss technology and new Swiss workplaces. Although recent reports of serious weaknesses in the Panzer 68 were embarrassing, the general impression was that Switzerland was up to developing something new.

Now, having already granted SwFr 37m ($23m) for the development programme, the Federal Council has taken the Defence Ministry's advice and dropped the idea. The series of 450 new tanks, which would have cost something like SwFr 4bn ($2.48bn) if manufactured in Switzerland, will be bought elsewhere.

Two tanks in Switzerland's sights: the American XM-1 (left) and West Germany's Leopard II.

Cost was a major consideration. The Confederation, suffering from two refusals of the electorate to countenance value added tax, is faced with years of budgetary deficit. So great is the financial pressure on the Government that Berne has had to take the embarrassing step of "not increasing development aid in the foreseen rhythm."

In the tank procurement survey, it was calculated that the Leopard purchase would cost some SwFr 3bn ($1.86bn), assuming a 70 per cent Swiss participation in the German tank's production. The XM-1 had an off-the-peg price of only about SwFr 2bn ($1.24bn).

Other factors also contributed to the decision. One was that a Swiss tank could only be supplied by the end of the 1980s, not allowing for delays. Another, Switzerland's limited capacity for operational testing of the tank model. The Leopard and XM-1 are already in production. The German tank could be available in 1983 off-the-peg or in the following year built under licence in Switzerland. The U.S. model would be ready by 1986-87.

The main criticism of the Government move comes, ironically, from the Social Democratic Party, which has frequently complained about the very existence of the Swiss armaments industry. Mr. Richard Mueller, the chairman of the Trade Union Federation and a Socialist National Councillor, laments the foreign dependence implied by the tank decision. He also claims that Swiss industry could have supplied the tank, and fears the loss of up to 3,000 or 4,000 jobs.

As with the large order for Tiger fighter aircraft from the U.S., the Swiss will make local "participation" in the tank project a condition. This might be in the form of a licence agreement, giving Switzerland a 60 to 70 per cent stake in manufacture and jobs for some 2,000 employees—instead of some 3,000 had an all-Swiss tank been built.

Licence talks have already taken place with Krauss-Maffei, which makes the Leopard II, but not yet with the Americans. No details are known of possible interest in the French AMX-30 and the Israeli Merkawa tanks, but these might also be looked at in preliminary evaluation.

A licence agreement will hardly quell criticism altogether. Attention is being drawn to another aspect of defence purchasing in which Swiss equipment is being overlooked. The Kreuzlingen-based company Motogenwagenfabrik Mowag AG is complaining that the Swiss Army has never even tested its Piranha armoured cars, even though these are used in eight other countries. Mowag is, furthermore, currently in difficulties since the Government refused to allow a 200-unit export to South Korea.

Whatever the final outcome of the tank evaluation, Army procurement will remain a vexed question in Switzerland. But this is nothing new. In the mid-1960s Mr. Paul Chaudet, the Defence Minister, left the Cabinet after 12 years following a row about the purchase of Mirage fighters. The subsequent evaluation before the order of the first series of Tiger fighters took nine instead of one to two years, with the Air Force chief and the Government procurement chief resigning in the process.

The granting of orders to Swiss business will also remain a highly-charged political issue. Mr. Charles Grossenbacher, head of the Defence Ministry's Armaments Group, said this month that the Government will in future try to mix foreign and domestic orders in individual armament procurement programmes.

Thus, a recommendation for the purchase of British Rapier anti-aircraft missiles could be linked to one for the Swiss Skyguard anti-aircraft gun fire-control unit. A further Tiger order might also go hand-in-hand with a contract for a Swiss training aircraft.

Mr. Grossenbacher stresses that the Swiss stake in the assembly of foreign armament systems will be kept as high as possible, including adherence to the guideline whereby about 60 per cent of armament procurement is accounted for by Swiss work.

Egyptian concern grows over reliance on U.S.

BY ROGER MATTHEWS IN CAIRO

THE SHARP INCREASE in U.S. military involvement in Egypt is causing consternation among some senior officials, diplomats and serving officers in Cairo.

They particularly fear the longer-term political effects of an even higher U.S. profile in Egypt and the possible lack of consultation with Washington over American intervention in either Iran or the Gulf.

The U.S. has for the first time recently stationed two of its highly sophisticated AWACS early warning aircraft at the Qena airbase near Aswan. Together with more than 200 U.S. air force personnel the aircraft would play a vital communication, command and co-ordination role in any U.S. action in the region.

Although President Anwar Sadat and General Kamal Hassan Aly, his Defence Minister, have both insisted that the U.S. is not being provided with bases, it is pointed out that the Americans do not technically have bases in Spain or Britain, but are using facilities provided by the host countries.

In addition the U.S. and Egypt are close to agreement on a second major package of military credits and technical assistance. Vice-President Hosni Mubarak is this week discussing in Washington the final elements of a deal which is likely to bring Egypt a total of $1bn a year for the next five years. This is in addition to the $1.1bn a year that Egypt is receiving from the U.S. in civil aid.

The effect of this second agreement, when added to the $1.5bn agreed after the peace treaty with Israel, will be to make Egypt almost totally dependent militarily on the U.S.

Apart from the Phantom F-4E fighter-bombers, armoured personnel carriers and other items already supplied, the U.S. is expected to give Egypt the improved Hawk surface-to-air missile, some helicopters, possibly the F-16 fighter, the means to up-date its Soviet T-55 and T-62 tanks and will become heavily involved in running Egypt's own military industries.

This is certain to lead to a large increase in the U.S. presence in Egypt at a time when anti-U.S. feeling is running high elsewhere in the Arab and Islamic world. A former U.S. ambassador to Egypt has cautioned strongly against any rise in the number of Americans stationed here, especially at a time when Arab hostility is growing over the failure of the peace treaty to lead to any progress towards solving the Palestinian issue.

Part of the reason for increased U.S. military supplies is Egypt's disenchantment over what it has received so far. Because there has been only a very limited transfer of technology, Egyptian officers are often to be heard complaining about the unserviceability of U.S. equipment.

The U.S. response has been to increase technical support which, according to some military officials, results in further withdrawal of responsibility on the part of Egyptians.

Ironically, it is the Chinese with a comparatively tiny military programme in Egypt, who have been winning most plaudits from the armed forces. Apart from supplying the Shenyang F-6 fighter they have been largely responsible for getting back into the air a number of Soviet transport aircraft that had been almost written off due to lack of spares.

Vice-president Mubarak visited Peking before going on to the U.S. and it is suggested that the two countries plan more extensive military co-operation. However, this appears to be the only dynamic element in Egypt's policy of diversifying its arms supplies and will do nothing to upset the trend of almost exclusive reliance on the U.S.

Kabul expels American journalists

THE AFGHAN Government has ordered American journalists to leave the country for biased reporting and "interference in the country's internal affairs," the journalists were told yesterday by a U.S. Embassy official.

The authorities detained the Americans at Kabul's Intercontinental Hotel, where most are staying, and said they would be deported today AP reports from Kabul.

About 50 of the 200-odd Western correspondents, photographers and broadcasting crews now in Afghanistan are American.

Reuter reports from Peshawar: Afghanistan's bickering Moslem guerrilla movements are holding talks on forming a united front to drive Soviet forces from their country, according to the leader of the biggest groups.

Gulbuddin Hekmatyar, head of the Heibi Islami insurgent faction, told a Press conference he hoped an announcement would be made soon. He said the estimated 85,000 Soviet troops in Afghanistan were sitting on a situation which was about to explode.

Reports from Afghan exiles of widespread fighting inside the country have proved hard to verify, but military and diplomatic officials in Islamabad said clashes were continuing in eight principal regions.

They reported spasmodic sniping or ambushes throughout almost all Afghanistan's road system with the exception, at least at present, of the road from Kabul to the Pakistan border. The fighting was heaviest in the mountainous, tribal east of the country

Soviet soldiers have now been seen by independent witnesses in almost every part of Afghanistan. Their technique seems to be the same everywhere—to secure and patrol the main highways and to man vantage points around towns.

Kabul Radio quoted President Karmal as saying that thousands of Afghans who had fled from the "tyranny" of former President Hafizullah Amin had now laid down their arms and pledged loyalty to his government.

David Housego explains Pakistan's pivotal role after Afghanistan

Zia gets a chance to win friends

THE U.S. has declared, and Lord Carrington implicitly reaffirmed it by his visit to Islamabad this week, that Pakistan is vital to the West's security. But how stable an ally is it likely to prove?

President Zia-ul-Haq was initially chary of accepting U.S. offers of military help in the wake of Russia's invasion of neighbouring Afghanistan. Pakistan dropped out of the Commonwealth in 1972, and then last year out of the Central Treaty Organisation (CENTO) —the cold war era alliance formed to prevent any Russian expansion southwards—because it felt abandoned by the West.

Gen. Zia has personally smarted from being ostracised by the West because of suspicions about Pakistan's nuclear policy and because of the hanging of the former Prime Minister, Mr. Bhutto. So when the Russians descended on Afghanistan, his initial instincts were to look more for support from his friends in the Moslem and non-aligned group.

Since then Pakistani policy has swung a good half circle. General Zia is projecting Pakistan as a buffer against any further Russian expansion in Asia or the Moslem world, and is ready for an understanding with the Russians on those terms. His regime has seized on the West's anxiety to enlist Pakistan's support as a heaven-sent opportunity to modernise his ill-equipped armed forces, and to do so without the U.S. conditions over Pakistan's nuclear policy or human rights that put paid to earlier negotiations.

Domestically, it has presented him with the opportunity to rally public opinion behind his regime on the platform that Pakistan and Islam are in danger—a public opinion that has grown increasingly hostile to his heavy-handed, dictatorial martial law administration. With telephone calls from President Carter, Lord Carrington dropping in at the beginning of the week, and the Chinese Foreign Minister, Mr. Huang Hua visiting at the weekend, he is now visibly more self-confident.

This is coming across on television as well. "For the first time in his career he is talking sense at a Press conference," said a well-placed Pakistani who is no admirer of General Zia, but is alarmed at the external threat to the country. He had watched General Zia deftly handling questions from foreign journalists on Tuesday. It is no exaggeration to say that whether or not General Zia can continue to capitalise on national fears about the vulnerability of Pakistan will determine his own fate and that of the regime.

President Zia-ul Haq addressing his troops during a visit to an outpost on the north-west frontier.

Leaders of the Pakistan National Alliance—now largely a grouping of right-wing, pro-Islamic parties—have written to him to request a lifting of the ban on political activities and the lifting of censorship so that they can help in rallying the nation.

But for Gen. Zia, any relaxation of such controls could be a double-edged weapon. It could provide an opportunity for his opponents to air their grievances. It is also clear that leaders of two or three of the best-known parties are critical of the resumption of close ties with the U.S. In both Peshawar and Lahore, one hears the argument that the U.S. is now looking to Pakistan to fight the West's battles "down to the last Pakistani," and that Pakistan should instead insist on its neutrality as the basis of reaching an accord with India and the Soviet Union.

This is almost certainly a minority view. But it is sufficiently widespread for Gen. Zia to have cautioned the country this week against those spreading "despondency."

It is also being put to Gen. Zia by his advisers that neither military aid nor economic assistance will of themselves prevent the internal subversion which is more feared than external aggression, and that this security can only come from ensuring more broadly-based popular support for the regime.

Gen. Zia has come to no firm decision on what political steps to take. It would be difficult for him to delay beyond March, when he is due to step down from his post of army chief of staff, and some of his corps commanders are also due to retire from their positions.

As a result of the Russian invasion he will have a strong case for arguing for an extended period of military rule with himself remaining both Head of State and Head of Government. He seems likely to set up a representative "Consultative Council," either indirectly elected or nominated.

The risk is that this body will be regarded as a lame duck assembly that will reflect neither the pent-up, popular dislike of a martial law regime nor the wishes of the minority provinces of Baluchistan, the North West Frontier and Sind to have more say in managing their affairs.

The grievances of even the Moslem groups have not been swept away by the Russian takeover of Afghanistan. The Quaid-I-Azam University at Islamabad (from where militant Moslem student leaders led the attack on the American Embassy on November 21) has remained closed since December 18 because the regime is nervous of demonstrations over the arrest of some 38 right-wing student leaders of the Jamaat-I-Tulba.

For the time being, the momentum of public opinion is running in Gen. Zia's favour. Among Western diplomats there is concern at the implications of supporting a dictatorial military regime and the risk that this could backfire in a wave of anti-Americanism. Since the burning down of the American Embassy, Gen. Zia himself has warned the Americans against any military intervention in Iran for fear of the unpredictable popular reaction in Pakistan. The Russians, with an Embasy of 150 in Islamabad, will also be looking for allies among the opposition groups or the militant student organisations in Baluchistan or the Frontier.

Of more immediate concern is the impact on the West's relations with India of re-arming Pakistan. No amount of soothing by Lord Carrington is likely to allay Mrs. Gandhi's fears. The Indians are worried that the Russian invasion has brought super-power rivalry closer to their frontiers. But they are even more worried by the danger that an unstable military regime in Pakistan will be tempted to pick up old quarrels with India. The Indians, too, are likely to be in the market for more sophisticated arms.

UK, India still apart on Afghan invasion

By David Palmer in New Delhi

BRITAIN and India are no nearer a shared view of the Russian invasion of Afghanistan following Lord Carrington's two-day visit to the Indian capital.

The British Foreign Secretary came to India expecting to find himself at odds with Mrs. Gandhi's new government. After two days of talks, there was still "scope for differences of perspective" on the situation, he said yesterday.

As if to underline the point, Mrs. Gandhi yesterday reiterated the Indian Government's view, expressed last week in the United Nations General Assembly debate, when India abstained rather than support the call for foreign troops to withdraw from Afghanistan.

While she did not approve of any interference or foreign presence in any country, Mrs. Gandhi said, it had to be recognised that it was Afghanistan's Revolutionary Council that had asked for Soviet help. She did not wish to justify the intervention. But she was anxious that steps taken to reduce tension in the area should not have the opposite effect.

Mrs. Gandhi, in other words, is carefully distancing herself from the response of both the U.S. and Britain on the one hand, and the bulk of the Islamic countries on the other. As a key member of the Non-Aligned Movement, the position adopted by India could influence some of the smaller countries of the Third World.

On Wednesday night Mrs. Gandhi was reported to have said there could be no justification for the Soviet intervention but seemed yesterday to have reverted to a more flexible position.

Lord Carrington, who returns to London today, stressed to the Indian Press the fears he had encountered in Pakistan over the consequences of any Soviet-Indian axis.

Begin warning of Syrian aggression is discounted

BY DAVID LENNON IN TEL AVIV

ISRAELI FEARS that Syria is planning to launch a military attack have been dismissed as groundless by a senior western diplomat in Tel Aviv.

He said that there had been no new developments in Syria in the recent past to justify the alarm about possible aggression which was voiced this week by Mr. Menahem Begin, the Israeli Prime Minister.

There had been a steady increase in Syrian armament, including a small number of the advanced MiG-25 and T-72 tanks, he noted, while stressing that the quality gap between the Syrian and Israeli forces was still large.

The diplomat said that Israel was ready for any aggression and if Syria did attack it would get badly beaten and suffer punishing losses.

Mr. Begin said that the increasing flow of Soviet arms to Syria, plus internal unrest might lead President Hafez al-Assad into a military adventure against Israel to distract domestic attention from threats against his regime.

Meanwhile, Jewish settlers at Eilon Moreh on the occupied West Bank of the Jordan have announced that they are prepared to evacuate their controversial settlement, which the High Court ordered dismantled several months ago. Under Government pressure, the settlers have voted to move to a new village being prepared for them a few miles away.

The settlers claim that the Government has indicated that it is considering altering the land laws in the occupied territories to prevent a repetition of the court ruling that land for Eilon Moreh had been seized illegally from its Arab owners.

● Israel yesterday rejected Egyptian proposals on Palestinian autonomy which Dr. Joseph Burg, the chief Israeli negotiator, said had set back the talks by six months. On Tuesday, Egypt rejected Israeli proposals.

The Israeli Minister said Egypt was demanding the creation of a Palestinian Parliament on the West Bank and in the Gaza Strip, the transfer of full authority to the new body, and the inclusion of Arab east Jerusalem.

German companies in SA told to aid black workers

BY JONATHAN CARR IN BONN

THE West German Government has urged intensified efforts by German companies operating in South Africa to help improve the working and living conditions of black workers there.

A report issued here laid stress on improving wages, extending job training and intensifying contacts between management and black labour representatives.

The Bonn Government report is based on replies to questionnaires answered by 46 German enterprises with 30,488 workers in South Africa—roughly 90 per cent of all workers employed by German companies there—on their compliance with an EEC code of conduct drawn up in 1977. The Government firmly states it expects that all enterprises will reply next time.

In detail, 35 companies with nearly 27,000 workers say they follow a wages policy not dictated by racial discrimination. However, only 15 companies with about 18,000 employees say they pay black workers at least the minimum wage urged in the code of conduct.

The Government stresses that this result is not satisfactory—even though it recognises that many black workers do not yet have the qualifications necessary for the higher-paid jobs.

A similar result emerges over the code's call for removal of racial discrimination at the place of work. A total of 25 enterprises with more than 19,000 workers say there is no racial separation requirement "on the job." But it is also pointed out that jobs are naturally distributed according to qualifications.

Two judges quit bench

BY BERNARD SIMON IN JOHANNESBURG

TWO JUDGES of the South African Supreme Court, including the man who first alerted the public to the Muldergate information funds scandal, have resigned from the bench.

Mr. Anton Mostert, one of the two, released secret evidence in November 1978 of large-scale abuse of public funds. The evidence was presented to him as chairman of a commission of inquiry into exchange control contraventions. His disclosures were the start of a chain of events which culminated in the resignation of Mr. John Vorster, the former Prime Minister.

Mr. Mostert has so far refused to give reasons for his resignation, but it is known that he has felt constrained by the strictures of judicial life. He said yesterday that he planned to resume practising as a barrister.

The other judge, Mr. Mervyn King, has also refused to comment publicly on his resignation. Colleagues say, however, that he has told them his decision was taken on "moral grounds." Some observers believe he was reluctant to enforce South Africa's discriminatory race laws.

Soames criticised by Chief Justice

By Mark Webster in Salisbury

RHODESIA'S Chief Justice, Hector MacDonald, yesterday strongly criticised the Governor, Lord Soames, for reprieving 11 Africans sentenced to be hanged for murder.

Upholding the death sentence passed on two other men for murder, he said that to use the prerogative of mercy as a method of abolishing the death penalty would be a "grave abuse" of this power and would "make a mockery of the due processes of the High Court."

On Christmas Eve, Lord Soames commuted the death sentences passed on 11 men for murder and said he would review the cases of 16 more. Mr. Justice MacDonald said that it should not be assumed that the Governor had adopted a policy of automatically commuting the death sentence, and therefore "there has been no impropriety on the part of the executive." But if the Governor wishes to abolish the death penalty even for an interim period, he added, the law should be altered.

The Governor's office refused to comment on the judge's statement, but noted that it had been stated at the time of the reprieves that there could be no question of the Governor's absolute right to exercise the prerogative of mercy.

Meanwhile Mr. Joshua Nkomo, leader of the Patriotic Front, yesterday addressed a meeting in a Salisbury suburb as his electoral campaign got under way. The veteran nationalist again outlined his party's manifesto which although it adopts a broadly socialist line, stops short of nationalisation and the compulsory purchase of farming land without compensation.

Its basis is the redistribution of land and it declares that everyone should have the right to security of home ownership. It also advocates free health services and free compulsory education to the age of 16.

There is no specific commitment to Africanisation although the manifesto calls for the restructuring of the white-dominated civil service. It also envisages "within the shortest possible time" the introduction of a minimum wage.

However, it does not touch on the role of private enterprise or foreign investment in the economy, nor does it say how funds will be raised for the health and education programmes. It does not tackle the problem of those guerrillas who may wish to return to civilian life, or the integration of the guerrilla and Rhodesian regular forces. But it does say that the armed forces will be strengthened and that there will be national service for all able-bodies citizens.

Venezuela promises flexibility on oil cuts

By Our Caracas Correspondent

VENEZUELA'S top policy-maker in petroleum matters has stated that his government's planned 6 per cent cutback in crude oil production this year will not be abrupt and that the country will try to satisfy international market demands.

Sr. Humberto Calderon Berti, the Minister of Energy and Mines, said planned reductions from the present production level of approximately 2.35m barrels a day (b/d) have not yet been made. "We are not going to be rigid," he declared. "We will take care of the urgent needs of the international market as long as we feel it is convenient."

Sr. Calderon, elected president of the Organisation of Petroleum Exporting Countries (OPEC) at its meeting in Caracas last month, also disclosed that Venezuela would now sell about half its petroleum exports through its own marketing channels, sharply reducing the role of foreign oil companies like Exxon, Royal Dutch/Shell and Gulf Oil. He pointed out that the number of Venezuela's oil clients has risen from 67 four years ago, when the government nationalised all private oil companies, to 93.

"We are now in a seller's market and should take advantage of this," he said. Venezuela, presently exporting about 1.9m b/d of crude and refined products, has twice raised its prices in the past six weeks. The country supplies the U.S. with nearly 14 per cent of its oil imports and is an important supplier for Canada and Europe.

Sr. Calderon also formally announced that new technical assistance contracts would be signed with major foreign oil companies and other overseas concerns, technical institutes and universities. The new contracts, which will save the country $93m this year, eliminate confidentiality clauses formerly required by companies such as Exxon and Shell.

They also set fees according to services rendered rather than according to the volume of oil produced and refined. Sr. Calderon said that the Government paid technological assistance fees of about $221m last year. Much of this, however, was repaid to the Venezuelan Government in income taxes.

Under new marketing agreements with Exxon, Shell, Gulf and others, Venezuela this year has substantially reduced its direct sales to the foreign companies. The Venezuelan Government also required that major oil companies provide a "certificate of destination" for crude and refined products lifted from the country so that Venezuelan oil could not be re-sold on the Rotterdam spot market.

In addition the new marketing agreements eliminate the foreign companies' option to increase lifting volumes by 10 per cent, although a 10 per cent reduction will be allowed if the Venezuelans agree. They also grant the Venezuelan Government greater freedom to set new prices within more favourable time-limits and require payment for oil purchases within 30 days.

The new marketing agreements will be valid for one year with respect to light and medium crudes and products, and two years for heavy crudes. The technology agreements with the majors extend from 24-30 months, with an automatic one-year extension applicable if both parties are in agreement.

Cruzeiro limit agreed

By Diana Smith in Brasilia

BRAZIL'S National Monetary Council, presided over for the last time by Sr. Karlos Rischbieter, the outgoing Finance Minister, decreed on Wednesday that devaluations of the cruzeiro in 1980 will not exceed 40 per cent. This compares favourably with the 85 per cent downward adjustment of the currency in 1979.

Under Brazil's inflation indexing system, the Council limited this year's monetary correction in the normal value of treasury bonds—the basis of all financial adjustments—to a maximum of 45 per cent.

This and the limit for the currency reflect the government's determination to greatly reduce inflation in 1980. The figure of 45 per cent for the indexing indicates that the authorities are aiming at maximum inflation of between 45 and 50 per cent. In 1979, it soared above 77.2 per cent.

The limits have important psychological effects. By helping to curb expectations about inflation or feverish currency speculation. In 1979 small devaluations at fluctuating percentages and intervals, and high expectations of a large devaluation which finally came in December caused a run on the currency black market and delays in closing export and import contracts.

The policy of small devaluations established in 1967 will continue this year until the 40 per cent limit is reached. The first 1980 devaluation on January 11 brought a 3.8 per cent adjustment a month after the large 30 per cent devaluation. Henceforward indexing will cease to be calculated according to inflation over the last 12 months and will be based on an anticipated target.

Supporters asked to back uncommitted delegates

Brown drops out of Iowa party caucuses

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

GOVERNOR JERRY BROWN of California yesterday dropped out of the Democratic Party caucuses to be held next Monday in Iowa, the first real test of the Presidential election year.

He asked his supporters in the state to vote for nominally uncommitted delegates on Monday night. Local polls have shown him far behind both President Jimmy Carter and Senator Edward Kennedy and unlikely to gain the minimum 15 per cent required under new party rules to win any delegates to the national convention in New York in August.

This may turn out to be the beginning of the end for the Brown Presidential campaign. Unlike 1976, when he beat Mr. Carter in several late primaries, his effort has not appeared to get o ffthe gorundas he has been squeezed between th twin Titans of th Democratic Party, and beset by poor organisation and lack of finance.

Mr. Brown's announcement came as the President's campaign manager, Mr. Robert Strauss, was saying that Mr. Carter would shortly emerge from his politically profitable seclusion in the White House and start to campaign publicly for re-election — giving his opponents the real target they have sought during the Iran and Afghanistan crises.

The President is due to appear in a lunchtime television interview this Sunday, the day before the Iowa party caucuses. His principal rivals for the Democratic party's nomination have complained that this is taking unfair advantage of the national media for political purposes.

Senator Edward Kennedy, however, has managed to win himself an invitation to appear on another of the Sunday interview programmes to counter the President's appearance. But Governor Brown, even before yesterday's announcement, had been unable to secure this sort of valuable exposure.

To say that President Carter has eschewed all political activity in the course of the Iran and Afghanistan crises is to wink at reality. In fact he has spent a lot of time placing telephone calls to key and potential supporters in Iowa and other states to ensure that his campaign does not flag.

At the same time a stream of Carter surrogates, led by his wife, Rosalynn, and Vice-President Mondale, have scoured every cranny in Iowa on his behalf. Local polls in the state, not known for their infallibility, suggest that the tactic is working and that Mr. Carter enjoys a substantial lead over Mr. Kennedy and Mr. Brown.

It is not yet clear exactly when Mr. Carter will take to the campaign trail in person. The other day he suggested he wanted to go to California next month for this purpose. Meanwhile Mr. Carter is due to deliver his State of the Union message in a nationally televised address to Congress next Wednesday. In the following days, his Administration unveils its budget for the 1981 fiscal year.

It is generally believed that the Iowa caucuses are a rather peculiar test of grass roots organisation on a small though intense scale. What the candidates themselves actually say or do is a necessary adjunct to the process, but the key to success is the ability to identify support and ensure that it gets to the precinct caucuses to cast its lot.

The primaries proper, which begin in New Hampshire five weeks *from now*, will pose a different and more thorough examination of both organisation and the merits of candidates as campaigners.

Carter reassures India over aid

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER has told Prime Minister Indira Gandhi of India that he wants to help bolster the security of both Pakistan and India in the wake of Soviet intervention in Afghanistan.

This was the burden of a long letter from the U.S. President delivered to the Indian leader this week, in which Mr. Carter sought to assure Mrs. Gandhi that the U.S. was not about to "tilt" towards Pakistan in its relations with the subcontinent, as the Nixon Administration had earlier done.

Washington announced its intention of aiding Pakistan with a reported $400m economic and military programme over two years, with more opssibly coming from other Western countries, before Mrs. Gandhi was returned to power in last week's Indian election.

Notsurprisingly, Mrs. Gandhi's latent anti-Americanism quickly surfaced in an initial statement appearing to condone the Soviet intervention, though she had since changed this.

Aware that their relations with Mrs. Gandhi had resumed on a bad footing, Administration officials have been stressing that new U.S. policy initiatives to contain Soviet influence in South-West Asia pose no threat to India, and specifically, any new arms for Pakistan would be for its self-defence against threats from Arghanistan.

A key test for U.S.-Indian relations will come in March when under U.S. law the Administration is due formally to cut off nuclear fuel shipments to India, and its Tarapur nuclear reactor in particular, unless India agreas to full international inspection of all its nuclear facilities.

U.S. business pessimism

BY IAN HARGREAVES IN NEW YORK

BUSINESS confidence in the U.S. stabilised in the final quarter of last year but remained at its lowest level since 1976, according to a report from the Conference Board.

In a regular survey of 1,500 executives the Board found that the general index of confidence held steady at 32 on a 0-100 scale, but that companies reported deteriorating conditions in their own industries and a slight increase in anxiety about the outlook for the U.S. economy in the next six months.

Expectations on profits are also at their least optimistic for three years, with only 20 per cent of chief executives forecasting higher net income this year. Over half expect profits to fall.

Most of the companies expecting improved profits in 1980 are in the mining, utilities, chemicals and non-electrical machinery sectors. Companies in sectors dependent upon consumer spending, such as primary metals, paper, non-banking financial institutions and retailing, are gloomy.

The results of the survey corresponded with the belief of many Washington economists that the U.S. will enter a mild recession in the first half of this year, returning to real economic growth in the third or fourth quarter.

These forecasts have, however, been somewhat undermined by recent indications from the Commerce Department that U.S. gross national product continued to grow at an annual rate of between 2 and 3 per cent in the final quarter of last year.

Russians reply over satellite

By Our Ottawa Correspondent

THE SOVIET UNION has now informed the Canadian Government that it is prepared to send a delegation to Ottawa to negotiate a settlement of the damages of more than C$6m Canada is claiming from the Russians.

Canada has waited 12 months to get this response from the Soviets to the Canadian bill for C$6,041,174.70 (£2.3m) submitted to the Russians last January for damages caused in the North-West Territories when a Soviet satellite plunged out of orbit in 1978.

The claim was submitted first by Mr. Don Jamieson, then Minister of External Affairs. Last autumn the new Minister, Miss Flora MacDonald, approached Mr. Andrei Gromyko, the Soviet Foreign Minister, at the United Nations, pressing him for some sort of a reply to the Canadian Government's account. Mr. Gromyko said at the time the matter was being studied by his Government.

Under the provisions of the international treaty governing satellites, Canada has to wait one year before it can take action through the UN for a settlement if it cannot reach an understanding with the Russians.

Canada was preparing to start to work through the UN for the collection of the C$6m when it heard this week from the Russians.

Accident Support Team and the United States' Nuclear Emergency Search Team worked together to conduct a sweep of the 18,000 square miles over which radioactive material was scattered. Particles ranged in size from less than an inch to over 5 feet long.

Canadian consumer confidence weakens

BY VICTOR MACKIE IN OTTAWA

CONSUMER confidence in Canada weakened dramatically during the closing months of 1979, according to a survey conducted by the Conference Board during November, before the defeat of the progressive Conservative minority Government.

The results are coming at a time of low expectations for the Canadian economy. Growth is likely to be sluggish or nearly non-existent, even though business spending on plant and equipment will show real growth.

The Conference Board's seasonally adjusted index of consumer attitudes fell to an unprecedented low of 79.9 in the fourth quarter of 1979 from 107.4 in the third quarter. Levels in excess of 100 had been recorded during most of 1978 and 1979, suggesting a renewed sense of confidence on the part of Canadian consumers compared with the years 1975 to 1977, when the index was in the 83 to 92 range.

Italian credit for Soviets in doubt

BY PAUL BETTS IN ROME

THERE ARE growing indications Italy is postponing negotiations with the Soviet Union for a new $1bn, three-year Italian credit line to Moscow.

This follows the suspension of a visit to Rome of a senior Soviet economic delegation to discuss a new trade agreement between the two countries, including an increase in Italy's current $650m credit line to $1bn.

The $650m Italian credit line has now been largely used up, and a Soviet delegation led by Mr. Nicolai Patolichev the Soviet Foreign Trade Minister, opened talks in Rome last October over a new increased Italian line of credit to Moscow.

These negotiations were to have been advanced during another Soviet visit to Rome this month.

The official explanation for the suspension of the visit has been described as "technical" in that it would have clashed with other engagements of the Sig. Gaetano Stammati, the Italian Foreign Trade Minister.

However, it is clear that the underlying reasons are of a largely political nature in view of the present international situation.

Italy, like other Western European countries, is currently engaged in intense discussions over what, if any, measures to take in reprisal against the Soviet invasion of Afghanistan.

A FFr 13.8bn cheap export credit extended to the Soviets by France expired at the end of last year by which time it had been virtually all used up.

The £950m British credit expires in mid-February but only £550m of this has been so far used. No decision has been taken yet on the renewal of these credits.

While Italy has officially declared its condemnation of the Soviet move in Afghanistan, it is now adopting a highly cautious approach towards any eventual retaliatory measures of an economic nature because of the country's considerable commercial and trade interests with the Soviet Union.

With total annual trade exchanges of some L4.5 trillion (million million) (£2.5bn) Italy is currently the Soviet Union's largest trade partner in western Europe.

Despite this cautious approach, there are signs Italy is firming up its so far relaxed relations with East European countries, in particular the U.S.S.R.

Since the Soviet invasion of Afghanistan, a series of episodes have seemingly confirmed this. A Soviet ship, for "technical" reasons was prevented from docking at the port of Genoa, while the Italian Government has made an official protest over a Prague radio broadcast of on the forthcoming visit of Sig. Francesco Cossiga, the Italian Prime Minister to Washington.

The East European broadcast claimed Sig. Cossiga's visit to Washington at the end of the month confirmed the Italian Premier's anti-Communist attitudes.

Nissan and Alfa Romeo negotiate joint deal

By Richard C. Hanson in Tokyo

NISSAN MOTOR is seeking to strengthen its position in Europe by negotiating a technical tie-up with Alfa Romeo in Italy. The company, which is Japan's second largest motor manufacturer, has already said it is trying to acquire a shareholding in the Spanish truck maker, Iberica.

Talks with Alfa Romeo concern the development of small engines. Nissan is apparently discussing other possible ties with the financially troubled Italian maker, but the company declined to comment beyond acknowledging that negotiations were being held.

The Japanese press is speculating that in its talks with Alfa Romeo, Nissan may be seeking an agreement similar to one signed last year between BL and Honda Motor. A possible motive for seeking closer ties with the Italians is the fact that Japanese exports of cars to Italy are strictly limited.

Although Nissan is well known throughout Europe as the maker of Datsun cars, the company, along with the other giant Japanese car maker, Toyota, has lagged behind some of the smaller Japanese motor companies in expanding technical ties with other international car companies.

At a press conference last year, Nissan president, Mr. T. Ishihara, said that he felt the big companies could no longer afford to be isolated while others established international ties. At that time, he said Nissan would be willing to supply exhaust emission control systems to any interested European motor manufacturers.

Mr. Ishihara did not spell out just what his company would like in return for sharing agreements. He did indicate, however, that Nissan plans to increase production of front wheel drive cars, an area in which the Europeans are believed to hold a substantial lead over Japan.

Terry Dodsworth adds from Paris: Citroen, the French vehicle producer, has commissioned from Nissan a special technical study on anti-pollution measures in Japan. The study follows the launch of the Citroen range in Japan about two years ago.

Citroen says that it felt it would be useful to have the help of a domestic Japanese manufacturer in facing up to the problems raised by the different standards on vehicle pollution enforced by the Japanese authorities. These regulations, Citroen comments, are "very sensitive to change."

So far the French company has not made great strides in Japan. In 1978 it exported some 1,360 cars and sold 1,160. It is expecting only a slightly higher total of registrations for 1979.

Dutch Iran claims top £26m

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS Credit Insurance Company (NCM) paid Fl 14m (£3.2m) to Dutch companies for losses on trade with Iran in 1979. It has a further Fl 100m (£23m) worth of claims outstanding which it is dealing with, said Mr. J. W. Hoobroeck, general manager of NCM.

Total losses by Dutch concerns in Iran amount to several tens of millions of guilders, but the final total will depend on further developments in that country. The NCM still has cover on deals worth Fl 230-250m outstanding, half the level of cover out at the beginning of last year, when it suspended trade guarantees on business with Iran.

The NCM, which is owned by a group of banks, insurance companies and other financial institutions, reinsures political risks with the Dutch Government so most of the Fl 14m it has paid out will be met from State funds.

Until it suspended insurance on trade with Iran, the NCM gave cover for 90 per cent of capital goods and 75 per cent of consumer goods.

A number of major Dutch companies are involved in trade with Iran. Algemene Bank Nederland had a one-third stake in the Mercantile Bank of Iran and Holland which has been nationalised. The construction companies Ballast-Nedam and Bredero were involved in housing projects while Volker-Stevin has been carrying out harbour works.

● The Netherlands will lend Turkey Fl 40m (£9.3m) as part of a $1bn package of special economic aid being provided by the Organisation for Economic Co-operation and Development (OECD).

The loan will be provided by the Netherlands Investment Bank for developing countries (NIO).

Train link to Beira 'open soon'

BY MARK WEBSTER IN SALISBURY

THE FIRST freight trains from Rhodesia to the Mozambique port of Beira should be running before the end of the month, according to Mr. Peter Lamport-Stokes, the Rhodesian Secretary for Transport and Power.

On his return from a trip to the Mozambique capital of Maputo he said that only the formal agreement of Zambia was necessary before a final agreement could be reached.

The link between Umtali on the eastern border of Rhodesia and Beira has been closed since 1976. But although the border is now open a second line to Maputo through Umtali will take months and possibly even a year to repair according to railway officials. Zambian traffic, mainly fertiliser, will move from Beira and then across Victoria Falls and the return trains will carry Rhodesian coal to Mozambique, where it will be used for steam trains which are still in use on the line to Machipanda.

The trains operating to Zambia will use Rhodesian rolling stock which was held inside Mozambique when the border was closed and there will therefore be no problem coping with the extra traffic.

The amount of Rhodesian traffic will depend on the costs and the efficiency of the line, say officials, but they have been told that there is spare capacity at Beira port which is capable of handling ships up to 25,000 tonnes dwt.

Rhodesian officials also admitted that there was spare capacity on the Rhodesia-to-Malawi link which could reopen the Malawi export market to routes through Mozambique.

Once the line with Maputo is repaired the Mozambicans said the sugar loading installation has a capacity of 240,000 tonnes a month, the steel wharf is operating at only half its capacity and the mineral wharf at Matolo also has some spare capacity.

Oil boosts UK-W. German trade

BY GUY HAWTIN IN FRANKFURT

BRITAIN cut its invisible trade gap with West Germany by 17.5 per cent during the first 11 months of 1979, but the reduction came about only thanks to massively increased shipments of North Sea oil.

Exports of other British products, particularly industrial, wholly manufactured goods, showed a substantial 28.8 per cent increase during the period. Even so, Germany's exports to the UK rose at such a rate that, without oil, the trade surplus in its favour would have shown a massive increase.

The importance of Britain as an oil supplier to the Federal Republic greatly increased during the year. By the end of November, the UK was West Germany's fourth largest source of crude.

Britain follows Saudi Arabia and Libya—which during the 11 months sold 17.9m tonnes and 17.3m tonnes respectively—and Nigeria which shipped 14.5m tonnes to the market. Britain moved up from seventh place at the end of November last year after shipments rose 84.6 per cent.

Britain's exports to West Germany during the opening 11 months of last year totalled DM 15.67bn (£4bn) — 42.9 per cent over the same period of 1978. Non-oil exports, however, rose by 28.8 per cent from DM 9.78bn to DM 12.6bn.

The growth of both total and non-oil exports was well above the West German imports expansion figure for the same period. Total imports rose 19.74 per cent, while non-oil imports went up by 17.2 per cent.

West German exports to the UK rose by 25.4 per cent during the 11 months from DM 15.42bn to DM 19.34bn. At the same time Britain's trade deficit with the Federal Republic fell back by DM 780m from DM 4.45bn to DM 3.67bn.

Pacific community idea floated

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA and Japan yesterday agreed to seek the views of their neighbours with Pacific Ocean borders on the establishment of a Pacific basin economic community.

Mr. Malcolm Fraser, Australia's Prime Minister, also announced at a lunch for Mr. Masayoshi Ohira, Prime Minister of Japan, that Australia would host a meeting of Pacific nations later this year to discuss the project.

The enthusiasm with which both Prime Ministers have taken up the Pacific basin community concept is an indication of the improved relationship between the two countries because of the tense world situation.

Mr. Ohira's visit is the first by a Japanese Prime Minister for five-and-a-half years. However, in view of world events, the visit has resulted in a major public recommitment by the two Prime Ministers to their countries' mutual future.

Mr. Ohira said Japan and Australia were on the threshold of a boom decade of resource development, trade and minerals exploitation.

Both leaders have called for "vigorous expansion" of trade and Japanese investment in Australia and a speeding up of a number of agreements, including the signing of a nuclear safeguards pact to allow Japan to import Australian uranium.

The signing of a science and technological agreement is also to be pushed forward, and a meeting before the end of February should finalise lower air fares between the two countries.

In other moves both Governments are to donate more money to the Japan-Australia foundation and other bilateral bodies, the Japanese Research Unit in Canberra is to be expanded and consideration is to be given to the exchange of young workers for short periods.

Frank Gray examines the prospects for British food exports to Europe

Taking English breakfasts to continental tables

BRITISH food exporters would like to see the day when Europeans sit down to a robust English breakfast, take tea in the afternoon and put sliced cheese on English biscuits.

They admit the idea is fanciful, and that it would require a revolution in continental eating habits. Nevertheless, they point to subtle shifts in eating styles taking place in Europe and are confident this will pay handsome dividends to the food processing industry in this country.

The EEC is Britain's largest food export market, and its value to the future of processed food makers is emphasised by Mr. Paul Amos, chairman of the British Food Export Council.

"We've had a stable population in this country for many years and this means little opportunity for growth within our domestic market," he said. "This means we have to export more, for if we don't, we stagnate."

The council has been making impressive headway in its overseas sales efforts in recent years.

Between 1972 and 1977, for example, overall British food exports rose from £345m to £1.4bn. Within those figures were EEC exports which rose in sterling value from £104m to £824m. In effect, food exports to the EEC increased as a percentage of total exports from 30 per cent in 1972—the year before Britain entered the Common Market—to 58 per cent in 1977. This share rose to 62 per cent in 1978, when the EEC took £1.1bn of total exports of £1.8bn.

This share will have been eroded by a few percentage points by the time 1979 figures are tabulated, largely because of the U.K. lorry drivers' strike last winter which cut by 20 per cent the export performance for the first five months of the year.

But Mr. Amos points out that the recovery after that was fast, to the extent that total food exports had bounced back to a value of £1.6bn for the first 11 months of 1979, compared with £1.68bn for the same period last year.

British food exports to Europe are led by carcass meat, valued at £252.8m in 1978. Farinaceous foods, including biscuits, earned the UK £183.4m, dairy products brought in another £175.4m and chocolate, tea and spices earned returns of £123.4m. Live animal exports for the period were £113.5m.

Live animal and meat exports are expected to have increased in 1979, with dairy products *chocolate, tea* and *spices* remaining stable. Farinaceous foods will drop, however, largely because the 1978 figure was inflated due to some sizeable exports of malting barley during that year.

Highlighting the recovery was the council's increased participation in food fairs and store exhibitions.

Food council member companies, however, should not overestimate their success at such fairs, Mr. Amos warned.

These exhibitions were useful in opening doors to new markets, but every exporter should remember the need to effectively follow through on such initial successes.

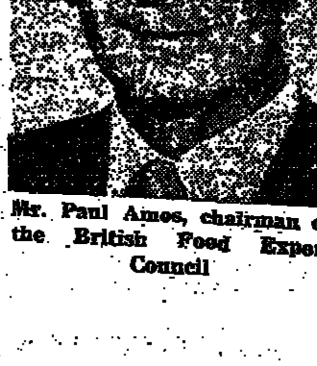
BFEC member companies rely heavily on support from the British Overseas Trade Board, which has already announced its support programme of extensive store promotions around the world for 1980. One involves Nouvelle Galeries, which is planning a spring *promotion in* stores in several French provincial cities, and La Samaritaine, the biggest store in Paris.

A contingent of 58 UK food companies will exhibit at the International Biscuit and Confectionery Fair in Cologne next week, far exceeding representation b[illegible] any other European nation [illegible] of food exporters.

Whi[illegible] overall export curve has be[illegible] climbing impressively in recent years, this has to be measured against the fact that Britain remains one of the world's most important market places for the importation of non-processed foodstuffs. The UK took in £5.3bn in foreign foodstuffs in the first 11 months of 1979, making it a net importer.

Just as "le bacon" is becoming common on European breakfast menus, so are British tastes becoming more continental, Mr. Amos said, making it all the more imperative to remain competitive.

But while the challenges [illegible] British food exporters are large, Britain, because of its historical role as a supplier to the Empire, "possesses a well-established food manufacturing industry, one we feel is broader based and stronger than our European rivals."



Mr. Paul Amos, chairman of the British Food Export Council

STEEL STRIKE

Crisis gives strength to Wales TUC

BY ROBIN REEVES, WELSH CORRESPONDENT

MR. GEORGE WRIGHT, general secretary of the Wales TUC and regional secretary of the Transport and General Workers' Union, has said of the steel strike: "The fight in Wales is about jobs and pay—in that order."

Mr. Emlyn Williams, area president of the South Wales miners' union, has said: "My loyalty is with the Wales TUC. We are fighting to prevent the Welsh nation being de-industrialised."

Their comments, from an array of trade union statements in the past week, highlight the special dimensions that the steel strike is assuming in Wales.

At Shotton in the north and Port Talbot and Llanwern in the south, men are standing on picket lines who will not gain a penny from the eventual settlement.

Severance terms for some 6,400 of Shotton's workforce have already been agreed, and when the strike is over further redundancies among the remaining 4,000 are in prospect.

Llanwern and Port Talbot face more than 10,000 redundancies by August, to enable the British Steel Corporation to halve Welsh Steel sheet output. Reduced throughput at tinplate and other associated BSC works will add several thousand more to the redundancy figure.

Current steel policies also threaten the immediate closure of 21 pits and the loss of 15,000 of the 27,000 miners' jobs left in the South Wales coalfield.

It is hardly surprising that an increase in unemployment levels to those of the 1930s is being predicted—35,000-45,000 in the short term and double that increase in the longer term—as the effects spread through the region's economy.

It is this background which has triggered what may be one of the most significant and long-lasting effects of the steel dispute—the growth in strength and influence of the Wales TUC.

Unlike its long-standing and independent Scottish counterpart, it was born only eight years ago against opposition from the British TUC, which remains its parent body, and some of whose leaders ordered their officials not to attend the Wales TUC inaugural conference in February, 1973.

The establishing of a single Welsh trade union forum had been talked about for years. But it took the reorganisation of the Transport and General Workers' Union regional structure, creating a single Welsh region and the arrival of an energetic young Englishment, Mr. George Wright, as the union's Welsh secretary—he earned his trade union spurs in the rough and tumble of the Midlands car industry—to get the idea off the ground

The combination of the transport and Welsh miners' unions, which had long supported the concept—plus the tide flowing in favour of devolution at that time—was sufficient to overcome the strong opposition of vested interests.

The Wales TUC has added a significant dimension to the Welsh industrial and political scene ever since, even if a number of its more contentious political battles have been lost.

It co-ordinated opposition to EEC membership in the 1975 referendum, demanded a Welsh assembly with legislative powers, and urged Shotton workers to resist closure—to name three notable failures.

But the present crisis is a direct attack on its own territory and more than ever before it has succeeded in forging a common alliance between the coal, steel and transport unions to a degree which has shaken the sceptics.

In the long term, Mr. Wright sees the way the Wales TUC has responded to events and alerted and prodded the national trade union leadership into adopting its stand, as a possible precedent—not just in relations between the British and Wales TUC, but also between the TUC and its far less autonomous regional councils in England.

If the Wales TUC example to date is anything to go by, a more devolved structure could turn the TUC "Carthorse" into a lively "filly."

Pressure on private sector aggravated

BY RHYS DAVID

THE THREAT of the steel strike extending to the private sector of the industry from January 27 catches that part of British steel production at a particularly vulnerable point in its fortunes.

The private sector has been under continuous pressure for the past five years. Although it has achieved considerable reductions in capacity, it is still having to rationalise.

The Sheffield private sector—which produces a range of stainless, tool, high speed, and other alloy steels, as well as downstream engineering products—has been hit by the continued depression in the UK steel market since 1974, the start of the last big recession. Producers on the Continent have since managed to recover to output levels roughly 20 per cent above 1973-74, but the UK special steels sector (including the engineering steels sector supplied by BSC) is down by a further 30 per cent on 1974.

Imports have been steadily increasing to a proportion unequalled in any other special steel producing country, contributing to the domestic output drop. In tool steel, the penetration is now about 55 per cent. In high speed bar, it is about 40 per cent, and in stainless, 65 per cent.

Pressure on the UK market is being exerted from within the EEC by France, Germany and Italy. Austria, Sweden, Spain and Japan are also contenders. More recently, Brazil has emerged as a major new potential supplier of stainless at prices well below the cheapest European producer, Spain. Other countries shipping to the UK market include Czechoslovakia, the U.S. and Canada.

Although the pressure has shown no signs of slackening, Britain has failed to persuade its European partners to agree to increase protection this year for special steel products from low priced imports. With demand recovering on the Continent, there has been some reduction in the coverage of special steels under the Davignon plan in 1980.

The imports problem in the UK has been compounded by a general weakness in the market for steel products in the engineering and especially motor industry. Arthur Lee, one of the private sector companies strongly picketed since the start of the BSC strike, describes demand for bright bars—widely used in engineering—as very depressed. The company also supplies narrow strip used in the motor industry, for example in car and wheel trim, in the consumer appliance industry, in cutlery and various other applications. Demand for these is somewhat better, the company says, with wire also reasonable.

Firth Brown, which has concentrated increasingly over recent years on very sophisticated alloy steel products for demanding applications, says demand is as low as it has been for most of the past five years, though orders from the aerospace industrial gas turbines, and nuclear power have been reasonable. At the lower alloy end of the spectrum, however, the company, like most other Sheffield steel and engineering groups, is working below capacity.

One estimate puts overall capacity working by the Sheffield industry at 70 per cent, and in some cases even this is only being achieved with a less than satisfactory product mix.

The result, as companies have sought to maintain profitability in the face of very adverse trading conditions, has been a succession of mergers, plant closures and redundancies.

Stronger groups

The aim in most cases has been to create stronger groups with complementary interests and to find areas of specialisation less vulnerable to competition either from the state sector or imports.

Most of the major Sheffield groups have deepened their involvement in engineering since nationalisation to create a downstream market for their products nearer the customer.

Other companies have boosted their marketing effort through the development of their own stockholding interests. The sector has also battled on with investment aimed at keeping abreast of world developments in special steelmaking—fortunately a somewhat less costly exercise than that faced by BSC in keeping up with the Japanese.

The Austria-made GFM continuous forging machine installed by Firth Brown in Sheffield at a cost of £12.5m is claimed to be the world's largest. A smaller GFM has been put in by Edgar Allen, Balfour, another Sheffield group, at its Manchester works. A number of other improvements, for example, in melting facilities, have also been introduced by private sector companies.

The industry's ability to survive against international competition may well depend on the regrouping which has taken place and which has now resulted in a much smaller number of key producers in each of the main special steels sectors covered by the independent Sheffield companies.

Aurora, until five years ago a relatively small engineering group, has since then obtained a very important position in high speed steel through its acquisition of two of the most important Sheffield producers, Samuel Osborn and Edgar Allen, Balfour.

Together with Barworth Glockton, a smaller producer, Aurora now has well over half the UK capacity in high speed steel. In tool steel(Aurora, together with Sanderson Kayser and Richard Carr, holds an estimated 70 per cent of the market and in stainless bar, Firth Vickers (an associate of First Brown) and C. G. Carlisle hold roughly 70 per cent.

Whether this structure represents a sound base for the future remains to be seen. But strike action, coming on top of last year's transport and engineering strikes—estimated by Dunford Hadfield, another major private sector steel group, to have cost it £3m—would clearly not help.

The reluctance of workers in the private sector to join the strike is an indication of their fears and follows warnings from the private sector that some companies might not be able to survive a shutdown. Dunford Hadfield, one of the few independent steelmakers still retaining a large measure of product overlap with BSC, has warned of serious consequences if it is forced to shut down. Private steel sector jobs in Sheffield have already shrunk in number by several thousand in the past decade, and a total of 300 redundancies was announced shortly before Christmas at Firth Brown.

Methven launches attack on union

BY MAURICE SAMUELSON

THE INVOLVEMENT of private steel companies in the dispute between unions and the British Steel Corporation would inflict "grievous bodily harm" on the country, Sir John Methven, director-general of the Confederation of British Industry, said yesterday.

In a bitter attack on the Iron and Steel Trades Confederation, Sir John said the flying pickets at the Channel ports were like King Canute trying to resist the tide. "It's not only imported steel they'll need to hold back but all the imported finished products based on steel, like cars, refrigerators and washing machines."

Bringing in the private steel companies made as much sense "as bringing out the whole of dockland *in support of a dispute* in the Barsetshire Bus Company," he told an American Chamber of Commerce luncheon in London.

Unacceptable

Recalling the industrial troubles of last winter, he said: "This action is completely unacceptable to everyone of us and shows exactly why the Government's Bill to limit picketing to a striker's own place of work is needed."

The whole country would lose by the steel strike, which threatened jobs far beyond those of ISTC members. The steelworkers were not facing reality when they demanded that the Government picked up the bill yet again with taxpayers' money. "The stark reality of the BSC balance-sheet dictated that there had to be a savage reduction of the workforce and that wage increases this year had to be matched by productivity improvements."

The massive redundancies which the unions faced presented an appalling social problem. However, facing economic realities was not diametrically opposed to social justice. "If we go on giving ourselves wage rises which we haven't earned, the result will be not greater prosperity but less."

Not all the blame in this strike rested with the unions. However, *if* management were prepared to admit their faults, the unions should do the same.

Port pickets cross Channel

BY ALAN PIKE, LABOUR CORRESPONDENT

STEELWORKERS picketing South Coast ports went to France yesterday to persuade Continental trade unions to tighten their ban on steel exports to Britain during the strike.

They met representatives of French dockers and seamen at Boulogne and said they hoped their efforts would ensure that no further steel came via the Channel ports.

In normal circumstances comparatively little steel is imported by that route. But the strikers believe that attempts are being made to divert shipments there to overcome picketing at more usual points of entry.

Throughout this week a party of strikers from South Yorkshire have sent parties from their Dover base to close ports to possible steel imports.

While some strikers were in France yesterday, another group went to Whitstable, Kent, after reports that a German freighter was discharging steel there.

Mr. Alan Cook, a picket leader, said that the strikers were receiving full assistance from the National Union of Seamen, and this was helping them identify possible steel cargoes in advance.

They are also receiving help from the Kent area of the National Union of Mineworkers and the National Union of Railwaymen.

Next week union leaders from nine countries will make efforts to strengthen the ban on steel imports to Britain, which is being organised by the International Metalworkers' Federation.

Representatives of unions from Europe and the U.S. will meet in London on Thursday to review progress of the ban so far, and consider ways of making it more effective.

The pickets at Dover claim some success in halting lorries containing steel-based machinery and components manufactured abroad, something which goes beyond the brief of stopping steel imports.

On Tuesday Mr. Cook and his colleagues will address a meeting of Ford's shop stewards at Dagenham and appeal for their support.

The South Coast pickets welcome the decision by leaders of the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen to try to halt all steel movements, and to bring out the private sector from January 27 if the strike is not over by then.

They believe this strategy should have been adopted from the start of the dispute. "We are convinced that the quickest and most certain way of winning is by having the firmest industrial impact as quickly as possible," said Mr. Cook.

Heavyweight rail system planned for Belvoir coal

FINANCIAL TIMES REPORTER

THE BRITISH Railways Board plans to introduce a new heavyweight rail system to carry coal from the Vale of Belvoir if the National Coal Board's mining proposals go ahead.

"The lines would be designed to carry the heaviest traffic running on the railway system either now or in the predictable future, up to a maximum axle loading of 25 tonnes," Mr. Maurice Loaring, a British Rail route development engineer, told the Belvoir inquiry yesterday.

He said that hopper wagons now in use had an axle load of 22.5 tonnes.

Mr. Loaring spoke of introducing the "biggest train practicable" to move an expected 510m tonnes of coal from what will become one of western Europe's largest coalfields if planning permission is granted.

"The routes would therefore be designed to handle trains of 60 hopper wagons hauled by two diesel locomotives, the overall length being about 600 metres. This is the longest train that can be conveniently accommodated on the railway system," he said.

The estimated cost of building new lines from the proposed mines at the villages of Asfordby, Hose and Saltby, was £10½m at 1979 prices.

The inquiry at Stoke Rochford continues today.

Building societies must rely on small savers, says report

BY ANDREW TAYLOR

THE PERSONAL savings market will continue to provide the bulk of building society funds. This is the main conclusion of a report published yesterday into alternative sources of finance for societies, which are unable to raise enough cash to meet mortgage demands.

The report, published by the Building Societies Association, concludes that the money markets and financial institutions will play only a small role in supplying societies' future cash needs.

It says that the solution to the present mortgage famine would be to make building society interest rates competitive with those being offered elsewhere. To do this societies would also have to raise the mortgage rate.

However, Mr. Leonard Williams, the association's chairman, yesterday firmly ruled out any immediate increase in society rates. It was more likely that when other interest rates began to fall societies would not cut back by as much.

This would help restore societies' competitive edge and bring a measure of stability to the mortgage market.

The report says that pension funds and life assurance groups are the only likely main alternatives as sources for building society funds.

However, these were unlikely to make direct loans to societies or to be attracted by long-term variable rate. The only solution long-term fixed interest stock at would be for societies to offer a premium over gilts. This would be equally unattractive to societies.

If societies could devise a satisfactory scheme to attract funds from the institutions, this would draw money away, initially, from the gilt market causing further repercussions for interest rates, says the report.

Less attractive

"It was therefore concluded that, while it would be technically feasible for societies to attract funds from assurance companies and pension funds, the terms on which such finance could be raised would be far less attractive than raising an adequate volume of money direct from the personal sector."

One way in which societies might augment funds would be be introduce marketable term shares which could be traded on the Stock Exchange.

These, says the report, would need to be at a market-determined rate, probably the London-Interbank-Offered-Rate.

"This would give societies access to longer-term funds while offering investors access to their capital at the going rate."

Societies should anyway develop the concept of term shares "so as to raise their funds in a more cost efficient way." Premature redemption of terms shares might be allowed in exchange for a heavy interest rate penalty.

The report said that in a number of other countries the mortgage rate was traditionally struck at a higher rate than other long term rates. As a result, the market was more competitive and mortgages generally available on demand. The reverse had often been the case in the UK.

It said that secondary mortgage markets had also worked well in other countries but to make this work mortgage rates had to be higher than other interest rates.

"The major conclusion of the committee's work is that building societies should experience no difficulty in meeting mortgage demand from their traditional sources of funds and that there are no alternative sources of funds that would provide more mortgage money at a lower rate of interest."

Mr. Williams stressed that at this stage the report should be regarded as a discussion document rather than policy statement. Meanwhile, the Government is compiling its own report into the wider area of alternative sources for housing finance generally.

Mr. Michael Heseltine has said that this should be carried out as soon as possible, but it is not known if the Government intends publishing the findings.

Slower growth of beer sales forecast

THE GROWTH in beer consumption should slow in the next 10 years, but this will not deter brewers from keeping capital investment at a high level, said forecasts by the Brewers' Society yesterday.

The society expects the increase in consumption to be about 2 per cent a year, or just under, in the 1980s, which compares with an average growth rate of 2½ per cent in the past two decades.

Sir Derrick Holden-Brown, the society's chairman, said the deceleration was mainly accounted for by expected demographic changes. For the current year consumption is forecast at 43.6m bulk barrels, rising to 51.5m by 1990.

Though the overall level of capital expenditure should hold fairly steady in the next three years, the society expects a marked shift from plant investment toward improvement of retail outlets.

Last year, for example, the industry spent £466m, spread almost equally between plant and distribution on the one hand and retailing on the other.

By 1982 overall spending should be little changed in nominal terms, at £486m, but retailing is expected to have increased its share to £290m.

Sir Derrick said investment in production plant had been largely to provide capacity for lager, which now represented about 30 per cent of the beer market. Most of the expected spending on new capacity would be for beers such as lager.

According to the report draught beers should maintain a market share of about 79 per cent throughout the decade.

Talbot hopes new Alpines will improve market share

BY JOHN GRIFFITHS

TALBOT TODAY launches new versions of its five-seater "fastback" Alpine car range in Britain.

They are intended to improve the company's fortunes in a market which experienced record growth to 1.7m units last year. But Talbot, formerly Chrysler UK, last year saw its own market share decline slightly from about 8 per cent in the first half to slightly more than 7 per cent at present.

While many of Talbot's problems were caused by a prolonged strike during the summer, which left supplies short for the traditional autumn sale build-up, the company has also been handicapped by a fairly limited range of models.

The Ryton-produced Alpine holds about 2 per cent of the British market, and has been making some inroads in fleet sales.

But Talbot hopes the new model will broaden its appeal.

The range is extended upmarket with the new Alpine 1600 SX. This has as standard an enlarged engine of 1600 cc with automatic transmission, power steering and a dashboard computer providing read-out of such details as elapsed journey time and fuel consumption.

It also incorporates electrically operated windows, central door locking and automatic cruise control.

All models incorporate new front-end styling and detail changes, and the range now covers the retail price bracket from £4,495 for the 1600 SX to £4,026 for the basic 1300 cc version.

Similar, French-built versions recently went on sale in Europe.

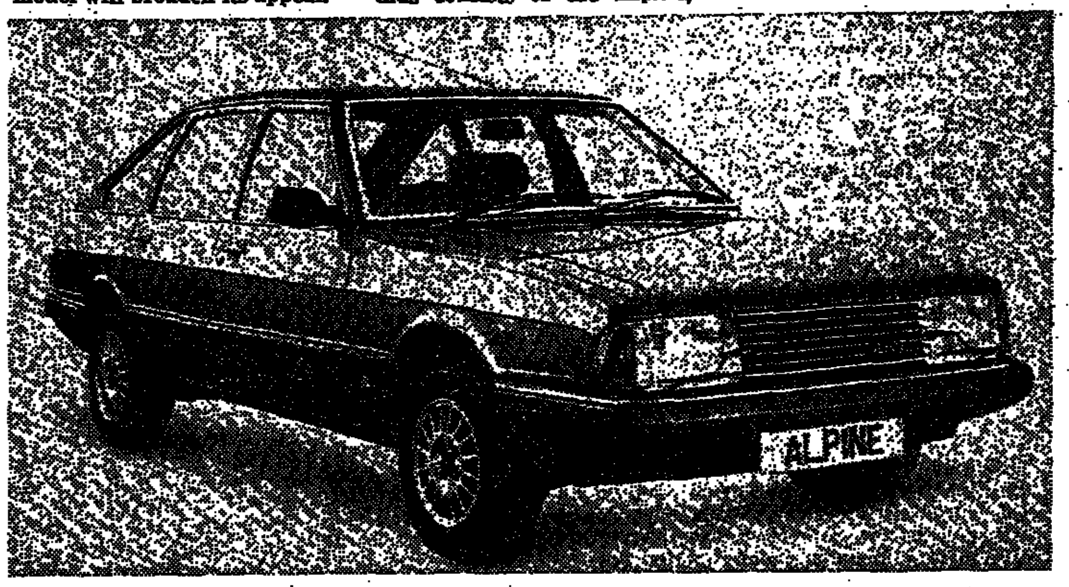
It is expected that a conventional four-door "hatchback" saloon version of the Alpine will also be introduced during the summer.

Talbot's UK production line thus consists of the Alpine, its small, Linwood-produced Sunbeam and imported Horizon hatchbacks, plus the Linwood-produced Avenger and imported Chrysler 180 large saloon. The last two models are nearly a decade old.

However, the new Alpine should go some way to helping the declared objectives of Mr. George Turnbull, Talbot UK chairman and managing director, to break even this year with a return to profitability in 1981. In the first half of last year, the British company reported losses of £17m.

● A Coventry-prepared Talbot Sunbeam Lotus is to take part in the Monte Carlo rally which begins tomorrow—the first time Talbot, formerly Chrysler, has entered the rally for 12 years.

The car, launched on the European markets last autumn, has a Lotus engine inside a specially stiffened Sunbeam body built at Linwood in Scotland.



The Alpine SX, one of the new versions of the Alpine range launched in Britain today by Talbot.

TWO LAKES INQUIRY

Water leaks 'cost thousands'

FINANCIAL TIMES REPORTER

THE TWO LAKES inquiry heard yesterday that there is a substantial water loss along many of the Northwest Water Authority's pipelines, costing thousands of pounds a year.

And it was suggested that the authority might carry out repairs to provide the extra water it needs rather than embark on a multi-million pound scheme.

The inquiry, at Whitehaven Civic Hall, is examining separate applications involving two of the Lake District's most picturesque stretches of water.

The Northwest Water Authority wants to extract more water from Ennerdale to service industrial west Cumbria; while British Nuclear Fuels wants to take more water from Wast Water for the Windscale plant.

Yesterday, on the third day of an inquiry likely to last for three months, Mr. Brian Oldfield, the water authority director of resource planning, was again giving evidence.

During cross examination, Mr. Lionel Read, QC, representing British Nuclear Fuels said there was a substantial water loss along many pipelines. Mr. Oldfield agreed, saying, "Several leaks have been recorded over the past few years and most are due to the very old pipelines which have eroded away."

Mr. Read then suggested it would be a more reasonable solution for the water authority to try to reduce its deficits by attempting to save the water lost through these pipelines, instead of embarking on a major and expensive operation.

He claimed the authority was asking for too much water in view of forecasts of future demand. If minor repairs were carried out on existing pipelines it might cover the authority's needs.

Mr. Oldfield replied: "This is only true if we have estimated future demands correctly. But we feel that water demand will increase even more and therefore your solution to use water saved is too tightly tailored."

One body opposing the schemes said it was not satisfied that all feasible alternatives had been investigated.

Mr. Christopher Hordern, QC, representing the Lake District Special Planning Board, said the water authority could afford to implement a scheme involving the River Derwent and that £3.5m from the authority's profit of £24m last year was a small sum to pay to save Ennerdale.

Mr. Hordern, cross-examining Mr. Oldfield, said the authority could avoid implementing the Ennerdale scheme because they had other alternatives.

But Mr. Oldfield countered that the alternatives were not in the opinion of the authority adequate to cope with their needs.

The inquiry continues.

Consumer spending up by 3.8% last year

BY DAVID MARSH

CONSUMER SPENDING recovered fairly strongly in the fourth quarter last year, taking the rise for the year as a whole to 3.8 per cent, compared with 1978.

Expenditure picked up from the depressed third quarter in most of the areas which suffered after the June increase in Value Added Tax. Income tax rebates and Christmas spending also contributed to the rise in demand for consumer goods.

Preliminary estimates released by the Central Statistical Office yesterday showed that consumer spending rose 1.7 per cent by volume during the final three months of the year to about £17.3bn at 1975 prices. This was 2.7 per cent higher than during the fourth quarter of 1978.

The estimate for spending during the whole of 1979 was £69.3bn against £66.7bn in 1978.

Fourth quarter spending rose particularly for alcoholic drink, motor vehicles and in most areas of retail sales, including clothing and footwear, radio and electrical goods. Food spending fell slightly.

Year-on-year rises in consumer demand tailed off during the course of 1979 in line with the economic slowdown. But spending for the year as a whole remained far more buoyant than output, which probably increased by no more than 1 to 2 per cent in real terms last year.

A similar broad pattern is expected this year. Most forecasters, including the Government, predict a fall in Gross Domestic Product of up to 2 per cent.

However, largely because of the benefits of North Sea oil production to the balance of payments, consumer spending is still expected to show a small increase.

Money supply rises 0.4%

BY OUR ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £212m, or 0.4 per cent, on a seasonally adjusted basis in the three weeks to mid-December.

This brings the increase since mid-June to 5.6 per cent, or 11.5 per cent at an annual rate. Over the past 12 months sterling M3 has risen by 12.1 per cent.

M1, the narrowly defined money supply, was unchanged last month. It has risen by 4.2 per cent over the past six months and by 8.3 per cent during the past year.

Domestic credit expanded by £353m last month, much less than during the late summer and early autumn.

The net contribution of the public sector was also much lower than recently as central Government borrowing of $1.47bn was offset by non-bank private sector purchases of £1.26bn of central Government debt, almost entirely gilt-edged stock. Bank lending was also less buoyant than in recent months.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1 Unadjusted	Money Stock M1 Seasonally adjusted	%	Money Stock M3 Sterling Unadjusted	Money Stock M3 Sterling Seasonally adjusted	%	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1978										
Sept. 20	137	249	1.0	478	460	1.0	11	16	549	651
Oct. 18	478	235	1.0	535	334	0.7	415	397	586	463
Nov. 15	40	44	0.2	254	306	0.6	268	442	149	251
Dec. 13	989	585	2.3	950	710	1.5	5	474	1,241	1,059
1979										
Jan. 17	−548	213	0.8	332	996	2.0	1,216	483	345	795
Feb. 21	−221	195	0.8	−33	507	1.0	1,125	1,129	378	1,048
Mar. 21	304	35	0.1	−344	−443	−0.9	426	729	−386	−319
Apr. 18	1,515	785	3.0	1,608	721	1.4	543	535	1,760	823
May 16	−186	39	0.1	420	729	1.4	618	819	507	997
June 20	−404	−213	−0.8	609	601	1.2	1.096	1,026	1,139	885
July 18	772	642	2.4	777	427	0.8	1,128	381	988	439
Aug. 15	−13	−5	—	282	549	1.0	141	696	820	1,057
Sept. 19	34	118	0.4	316	333	0.6	110	162	737	925
Oct. 17	1,118	935	3.4	1,220	1,074	2.0	1,341	1,213	1,780	1,550
Nov. 21	−786	−588	−2.1	200	352	0.6	727	750	1,024	1,257
Dec. 12	606	4	—	446	212	0.4	−466	212	352	253

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

Source: Bank of England

American director for BP

By Martin Dickson

BRITISH PETROLEUM has appointed its first non-British director—Mr. Alton Whitehouse, Jnr., chairman of the Standard Oil Company (Sohio), BP's subsidiary in the U.S.

BP said yesterday that Mr. Whiteouse's appointment as one of nine non-executive directors, with effect from February 1, indicated "the increasing importance of BP's interests in the U.S."

BP has a 53 per cent interest in Sohio, whose subsidiary, Sohio Alaska, is production operator for the western side of the Prudhoe Bay oil field. BP's relationship with Sohio began in 1970 when the group's then U.S. subsidiary merged with Sohio, giving BP a 25 per cent interest. This grew with the development of Alaskan oil until it topped 50 per cent last year.

BP's articles of association were changed in 1978 so that directorship of the company was no longer restricted to UK citizens, but there was no immediate move to appoint a non-Briton.

Mr. Whitehouse, 52, became chairman and chief executive of Sohio at the start of 1978, having been vice-chairman since January 1977. He joined Sohio's board of directors in 1967 while a partner in a Cleveland law company.

BP has told the British Government of Mr. Whitehouse's appointment. The Government has a stake of nearly 46 per cent in the company and there are two Government-appointed directors on the BP board.

A measure of the importance of the U.S. to BP is the estimate that in balance sheet terms approximately 40 per cent of the group's properties and operating assets were located there as of June last year.

BP and Sterling raise polystyrene prices

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BP CHEMICALS and Sterling Thermoplastics are both increasing the price of their polystyrene—a plastics material used in the packaging and insulation industries. BP Chemicals is putting up its prices by between 8 and 10 per cent, and Sterling by between 7 and 9 per cent.

The increases, which follow other plastics materials price rises announced earlier in the week by Shell Chemicals and Imperial Chemical Industries, have been made to recover rising feedstock costs, notably that of the oil-based naptha.

Sterling Thermoplastics said yesterday that further price rises might become necessary shortly if feedstock and energy costs continued to increase.

The U.S.-based Du Pont (UK) is putting up the price of its ethylene vinyl acetate resins by an average of 6 per cent—also

Energy conservation head to be named this month

BY MAURICE SAMUELSON

THE FUTURE role of the Energy Secretary's advisory council on Energy Conservation, which has been in limbo for the past few weeks, will become clearer later this month when Sir Hermann Bondi, the Energy Department's chief scientist, is expected to be named as its new chairman.

The announcement will cause some surprise in that Mr. David Howell, Energy Secretary, has not gone outside his department for a successor to Sir William Hawthorne, Master of Churchill College, Cambridge, who has headed the council since it was formed five years ago in the wake of the last Middle East war.

However, this objection would not be valid for long since Sir Hermann, 60, will retire from the department in the middle of the year. By then, the new council will have only just begun work.

His new duties will be added to those of the chairmanship of the department's advisory council on research and development for fuel and power, which he has held for the past three years.

On conservation, he is on the record as saying that he does not belong to the "hair-shirt" brigade, who believe that self-deprivation is essential to an effective conservation policy. Even so he sees conservation as playing a major role in the Government's overall energy policies.

He believes the Government can give a lead in the field of information, in monitoring products' energy consumption, in the running of its own buildings and in backing demonstration projects.

Tests 'curb drug investment'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

UK REGULATIONS on testing drugs for safety are holding up the development of new medicines and discouraging pharmaceutical investment in Britain, members of the Association of the British Pharmaceutical Industry said yesterday.

The association said two years could be cut from the time needed to test a new drug in Britain if the UK switched to the German system for regulating clinical trials. It added that Britain was insisting on "more and more" tests for drugs under development—yet the extra regulations were not improving safety standards

The UK required pharmaceutical companies to submit all their evidence from animal tests for scrutiny before allowing clinical trials on human beings. Animal tests had to include multi-generation fertility tests on rats, which normally took a year. After the submission of the evidence, there was eight to ten months' delay before a certificate for clinical trials was granted.

Dr. Paul Bayliss of Imperial Chemical Industries said yesterday that the fertility tests on rats—costing around £100,000 a time—were normally unnecessary at such an early stage of research on a new drug.

Dr. Bayliss, who said the Swedish authorities managed to examine evidence and grant clinical trial certificates in two to four weeks, added that the UK regulations were discouraging investment in pharmaceutical research in Britain. The UK had an excellent reputation for expertise in clinical pharmacology, but companies had now started avoiding the UK because of its regulations on testing.

Esso petrol up 4p

ESSO is putting up the wholesale price of its petrol by 3.5p a gallon from the start of business this morning. The increase, which follows price rises announced by most of the other major petrol companies on Wednesday, will mean an extra 4p a gallon at the pumps.

Esso, one of the UK's market leaders in petrol, said yesterday that the rise reflected the increase in the cost of North Sea crude which has gone up from $26.02 a barrel to $29.75. The group takes roughly half its UK oil requirements from the North Sea.

Esso is also raising the prices of most other oil products such as kerosine, gas oils and heavy fuel oil.

Elf, one of the companies which announced price rises on Wednesday, said yesterday that it was adding 4p to the wholesale price of its petrol. It is expected this will mean an extra 5p on pump prices.

Motor premium rises of 18% forecast

BY ERIC SHORT

THE MAJOR UK insurance companies are expected to raise their motor insurance premium rates this year by an average of 18 per cent, according to stockbrokers Rowe and Pitman in an annual review of UK motor insurance. But this overall rise will do no more than match the current rate of inflation.

The forecast of premium rate increases for 1980 is based on the rise in the relevant costs of motor repairs. These show that new car prices last year rose by 20.3 per cent, labour costs by 23 per cent and spare parts by 20.5 per cent. But Rowe and Pitman feel that these cost rises will be tempered by a fall in the number of claims, one factor causing this being the rise in petrol prices, and a reduction in the expenses ratios. It is assuming weather conditions will be normal this year.

● NEWS ANALYSIS — UNEASE GROWS AMONG COMPUTER SOFTWARE COMPANIES

Uncertainty over future of NEB

BY JOHN LLOYD AND GUY DE JONQUIERES

UNCERTAINTIES ABOUT the future of the National Enterprise Board are causing growing unease among the computer software houses which are members of INSAC, the NEB subsidiary set up in 1977 as an umbrella organisation to promote the development of the UK software industry.

Several of the companies, in all of which the NEB holds an equinty stake of at least 20 per cent, have also become openly dissatisfied with the working of their relationship with INSAC, and in particular with the way in which they are represented on the board of INSAC Products (IPL), which runs the organisation's software interests.

Two of the five member companies, Logica and Systems Programming Ltd (SPL), have already announced that their managing directors are withdrawing from the board of IPL. Instead, they may appoint less senior executives to liaise with INSAC below board level.

Other members are also understood to be considering whether to continue with board-level representation, and IPL recently decided to launch a review of how its relations with the companies should be organised.

None of the five companies has any complaints about the NEB. They value the fi8nancial and management support which it has provided. But they are worried about how long their relationship with it can endure in view of the present government's policy of requiring the NEB to dispose of a number of its industrial holdings.

SPL recently took matters a step further by telling the NEB that it wishes to purchase the Board's stake in its equity. This amounts to 30 per cent of SPL's voting shares and 80 per cent of its non-voting shares, which the NEB bought for £600,000. The NEB also has a loan of £950,000 outstanding to SPL which would presumably have to be repaid.

Mr. Peter Adams, head of SPL, said he made the move because he had the funds available to make the purchase. He expects to open formal negotiations soon with the NEB. The rest of SPL's shares are all held by NDC Systems S.A., a privately-owned company registered in Geneva.

Mr. Adams also announced recently that he was stepping down form the UPL board on the grounds that he felt that he had been unable to make any real contribution and that the organisation should be left to concentrate on its own affairs.

INSAC Products expects all five of its member companies to remain members "at least in the short or medium term," but believes they may be represented by liaison officers below board level, rather than by chief executives on the board.

This arrangement would suit INSAC, since it has felt that its funding role for the companies has been hampered by the presence of five chief executives each of whom must discuss the others' finances.

It also believes it should open itself up to non-members, providing the same kind of funding and backup services to software houses which have no link to the NEB. It recognises that the present members may object to such a move.

It strongl believes, however, that its role as a marketing and funding organisation for the member companies in the U.S. has been a success and should continue.

Logica was the last to join INSAC and has been the first to pull out. Mr. Len Taylor, Logica's managing director who resigned from the INSAC Board last year, said last night that the company was still considering whether or not to appoint a liaison officer to INSAC. If INSAC opened up its services to non-members, there appeared to be little reason for remaining a member.

Computer Analysts and Programmers (CAP) is among those companies enthusiastic about the stake which the NEB holds in it. Mr. Barney Gibben, CAP's deputy chairman, said that it was a "benign and benevolent shareholder."

Systime says that its operating relationship with the NEB has flourished. But uncertainties about its future are blamed for complicating commercial negotiations with customers abroad—notably in the Middle East where the NEB's involvement is regarded as beneficial.

Systime is the only INSAC member with significant production facilities—in the field of mini-computer-based business systems—and says that for this reason its interest in the venture is somewhat different from those of the other companies.

Systems Designers Limited (SDL) is the most positive of the five about its link with INSAC. It says that it has received valuable financial support and on-the-spot marketing advice from INSAC in its efforts to penetrate the U.S. market. It would like to see INSAC's resources increased.

The company appears to have few fears about its position should the NEB be forced to sell its 26 per cent equity stake in SDIL, of which SDL is a wholly-owned subsidiary. In this event, it is confident that a purchaser could be easily found in the City.

FOOD PRICE MOVEMENTS

	January 17 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton ...	1,270	1,270	1,240
British A.1 ...	54.46¶	1,220§	1,220§
Ulster A.1 per ton ...	1,220	1,220	1,220
BUTTER†			
NZ per 10 kg ...	14.20/14.37	14.20/14.37	13.60/13.77
English per 10 kg ...	18.47	18.47	18.07
Danish salted per 10 kg ...	18.75	18.75	18.75
CHEESE‡			
English cheddar ...	1,505	1,505	1,505
Irish cheddar ...	—	—	1,410/1,440
Danish cheddar ...	1,420	1,420	1,420
EGGS*			
Home produced:			
Size 4 ...	4.60/4.80	4.60/4.65	4.80/5.20
Size 2 ...	5.00/5.20	4.90/5.00	5.30/5.70
	January 17 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF ...	64.0/68.0	65.0/68.0	65.0/69.0
Eire forequarters ...	46.0/49.0	47.0/49.0	40.0/43.0
LAMB			
English ...	50.0/56.0	54.0/60.0	44.0/54.0
NZ PLs/PMs ...	48.0/52.0	52.0/53.0	51.0/52.0
PORK			
All weights ...	35.0/50.0	37.0/50.0	38.0/51.0
POULTRY			
Oven-ready chickens ...	37.0/40.0	38.0/42.0	38.0/42.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks delivered, per tonne. § £ per ton. ¶ Pence per pound.

UK NEWS — PARLIAMENT and POLITICS

Britain wants Olympics changed

By Ivor Owen

BRITAIN wants all the nations who have condemned Russia's invasion of Afghanistan to make a joint approach to the International Olympics Committee urging that the games due to be held in Moscow this summer should be switched to another venue.

The Cabinet's decision to adopt this approach rather than advocate a boycott of the games if they take place while Russian troops are still in Afghanistan was anounced by the Prime Minister in the Commons yesterday.

She acknowledged the practical difficulties which a change of venue at such a late date inevitably involves but insisted, amid cheers, "We cannot just stand back and see the Russians do all they have been doing in Afghanistan and take no action at all."

Mrs. Thatcher gave a broad hint that should the games take place in Moscow despite the objections of Britain and other nations she will advise the Duke of Edinburgh, who was expected to attend in his capacity as president of the International Equestrian Federation, not to go to Russia.

A former Olympics athlete, Mr. Terence Higgins (C, Worthing) emphasised the need for full consultation before the Government took any decision on whether Britain should back a boycott of the Olympic Games.

While understanding the need for effective action to deter Russian aggression he believed that a gesture which failed to receive the endorsement of all the sporting bodies concerned was more likely to be counter-productive and damaging.

Earlier Mrs. Thatcher demonstrated her own deft diplomatic touch when Mr. Philip Whitehead (Lab., Derby North) recalled that her husband, Mr. Denis Thatcher, had expressed support for the British Lions tour of South Africa.

He challenged the Prime Minister to say whether she agreed with the views of Mr. Hector Monroe, the Minister for Sport, who had appealed to the British Lions not to tour South Africa because of the danger that their visit would lead to Britain being banned from the Olympic Games by the nations opposed to apartheid, or agreed with Mr. Thatcher.

To laughter and cheers from both sides of the House the Prime Minister replied: "The Minister for Sport expresses my view that the tour would be contrary to the Gleneagles agreement (signed by Britain and other Commonwealth countries not prepared to participate in sporting engagements with South Africa while apartheid continues).

"With regard to opinion in the Thatcher household the Prime Minister does not have a monopoly."

Steel strike 'symptom of British disease'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE STRIKE in the steel industry is a symptom of the British disease where workers want "something for nothing." Sir Keith Joseph, the Industry Secretary, told the Commons yesterday.

Opening a debate on the steel industry he insisted that a settlement of the British Steel Corporation dispute could be reached only if real guarantees of improved productivity were forthcoming from the unions.

His speech brought a strong counter attack from Mr. John Silkin, the Opposition Industry spokesman, who declared: "This is not a dispute between management on the one hand and unions on the other. It is a dispute between the Government and the unions."

Indignantly he wondered how Sir Keith dared to say that nothing much had happened ot improve porductivity since 1976 when during that period the steel unions had agreed to accept 35,000 redundancies.

But Sir Keith told the House: "The steel workers are not being sensible in insisting on higher pay regardless of whether or not productivity has improved.

"The question is not about higher pay, it is about whether higher pay is for something or nothing."

It was about whether BSC got something real in return for its pay offer or only the promise of something real.

"It is not enough to promise to achieve higher productivity," Sir Keith emphasised. "There have been agreements before when they have promised to collaborate to achieve improved productivity. Nothing much happened.

"This time both sides must reach an agreement that will produce results."

The Industry Secretary said that he had made it known to Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, that he was very willing to see him. But he added quickly, "Not of course for negotiation. Negotiation is for BSC and the unions."

Sir Keith repeated his earlier warning that t he BSC was "bankrupt" and re-emphasised that it was not reasonable to expect the taxpayer to put still more money into the corporation.

If the taxpayers find more money then steel workers will be lulled into thinking that they need not become more productive, he argued.

To buy peace yet again by this method would be neither kind nor sensible. "It would be another step in the downward path."

Sir Keith saw the dispute as a "tragic self-injury" inflicted by the steel workers The clash was really between them and other workers as jobs in other industries would be damaged.

But he also strongly emphasised that if a sensible settlement was reached, there was still hope for a really competitive steel industry paying its way and providing good earnings.

"That is the prize," he declared.

Sir Keith maintained that Britain was in a state of relative economic decline. Governments had allowed and even encouraged people to ignore economic realities. Nationalisation had helped to breed indifference to customers and to competitiveness.

"Unions tend to threaten private employers with bankruptcy and public employers with disruption. They tend to threaten employers regardless of the demand for the work or the service, regardless of the demand for their labour, regardless of the profit or loss of the employer, regardless of the scope for increased productivity.

'This word 'regardless' is near the heart of the British disease. What the British unions in general tend to demand and extract from employers is all too often something for nothing."

The public had come to accept that the normal thing was to give way to strikers. Governments were called upon to "settle", in other words to give away more taxpayers' money.

The result of this "something-for-nothing" attitude had been lamentable. All too often peace had been bought at the cost of jobs, pay, and pensions.

He saw the steel dispute as a classic example of the British disease with demands for higher pay without the readiness to co-operate to finance it.

There was scoffing and jeers from the Labour benches when Sir Keith added: "I understand and sympathise with the steel workers." This brought cries of "You must be joking."

Sir Keith told his critics that our steel prices were still too high and the quality of our steel was not universally good.

Mr. Tony Marlow (C. Northampton North) intervened to allege that workers were being threatened. They would lose their union cards if they crossed the steel picket line. He wanted to know what the Government would do to overcome this "tyranny."

Sir Keith Joseph

Striking steelworkers including men from the threatened Corby mill.

Mr. John Silkin

'Picketing law too late for steel strike'

BY IVOR OWEN

NEW RESTRICTIONS on secondary picketing embodied in the Employment Bill cannot be implemented in time to have any effect on the steel strike, the Prime Minister told the Commons yesterday.

A call for the speeding up of the enactment of the relevant section of the Bill was made by Mr. Peter Emery (C. Honiton) when he attacked the use of flying pickets in the steel strike and complained that their actions had led to violence and arrests.

Mr. Emery contended that the vast majority of the country was against the denial of the right to work by intimidation by secondary pickets.

The Prime Minister replied: "I must be candid. I do not think it would be possible to get that Bill through in time to deal with the strike which is before us now."

But she assured the House that the Home Secretary was kept informed by the police authorities in the areas concerned about events on the picket lines.

The existing powers under the Common law must be used to deal with any problems which arose.

The Prime Minister added: "I believe that the police are carrying out their duties to the very best of their abilities to see that people can go about their lawful business."

Mrs. Thatcher again ruled out any attempt by herself to act as a mediator between the British Steel Corporation and the strikers.

"There is a very good mediation and conciliation process in ACAS which is already operating," she told Mr. Martin Flannery (Lab., Sheffield Hillsborough) who warned that there was a danger that, in time, the steel strike would become a general strike.

Chilean policy attacked

BY IVOR OWEN

DEFENDING the Government's decision to re-instate a British ambassador to Chile in the Commons last night, Mr. Nicholas Ridley, Foreign Office Minister of State, accused the Opposition of being selective in its approach to diplomatic relations.

Mr. James Callaghan, the Labour leader, joined with Opposition back benchers in protesting that the Chilean Government was still infringing human rights—the ground for the Labour Government's decision to withdraw the British ambassador from Santiago in December 1975.

Mr. Ridley argued that if Britain were only to place ambassadors in countries with an acceptable record on human rights "we would have many less ambassadors than we do have at present."

He emphasised: "It is not this Government's policy to be selective in this matter."

Mr. Callaghan reminded the Minister that the Labour Government's decision to withdraw the ambassador in 1975 was taken at a time of national outrage over the torture of Dr. Sheila Cassidy, a British surgeon, and the action had been endorsed by Conservative leaders.

"Has any apology been received from the Chilean Government in respect of Dr. Cassidy?" he demanded.

Mr. Ridley replied that as a result of much pressure the British Government had received a letter from the Chilean Government expressing serious concern about what had happened in Dr. Cassidy's case.

Any improper treatment which Dr. Cassidy "may have received" was sincerly regretted.

Mr. Ridley maintained that the steps taken by the present Government in regard to the treatment of Dr. Cassidy had resulted in the Chilean Government going "much further" than it had been prepared to do in response to the actions of the Labour Government.

This failed to satisfy Labour MPs who openly scoffed when Mr. Ridley admitted that no progress had been made in the case of another British subject, Mr. William Bausire, who "disappeared" in Chile in 1974.

He told MPs that nobody knew the whereabouts of Mr. Bausire or wha had happened to him.

Replying to Mr. Eldon Griffiths (C. Bury St. Edmunds) Mr. Ridley explained that although Britain had lost out considerably on trading matters as a result of the attitude of the former Labour Government towards Chile, this had not been the reason for the decision to return a British ambassador to Santiago.

Jury law review

THE PRIME MINISTER said yesterday that the Government would look at the law relating to jurors following the Lord Chief Justice's decision on the New Statesman case.

She told the Commons that the decision—which dismissed a contempt of court charge over the publication of an interview with one of the Jeremy Thorpe trial jurors—was "very significant."

"Of course the Government will have to consider what to do about it," she said in reply to Mr. Edward Gardner (C., South Fyle).

Mr. Gardner called on Mrs. Thatcher to take urgent steps to change the law. "Disclosures of this kind can undermine public confidence of the jury system . . . and jeopardise the jury system itself," he said.

Lamb problem 'worse'

Mr. Peter Walker, Agriculture Minister, assured MPs yesterday that he would do all he could to see that the EEC's European Court case against France over sheepmeat would be taken as quickly as possible.

He said during Commons question time that the position had deteriorated since France imposed an import levy of 43p per kilo on Brtish sheepmeat.

There had been hope that France was moving towards complying with the court's earlier decision that the sheepmeat should have free access. But in the last 10 days, said Mr. Walker, France had gone "absolutely in the opposite direction."

He agreed with Mr. Douglas Jay (Lab., Battersea North) that imposing a levy on French cars in retaliation was an "attractive idea."

But Mr. Walker believed that where eight countries and the EEC Commission were condemning France for her illegal action, it was correct to try and persuade her to comply with the law.

A detailed Government announcement on the consumption of untreated milk is to be made in the near future, Mr. Walker told the Commons.

He said there was "strong feeling" on the matter, but the Government was trying to find "a rational and sensible solution" to the problem. People should be advised of the possible risks of drinking untreated milk. But to remove the right of people to buy it would be another matter.

● The Bacchanalian prospect of half Europe being flooded by a massive Common Market wine lake was raised in the Commons yesterday.

Mr. Peter Hardy (Lab., Rother Valley) claimed at question time that if the EEC carried on producing wine at its present rate the surplus would reach absurd proportions in 15 years.

"Or alternatively, the promotion of consumption will be such as to lead to half the population of Western Europe becoming alcoholics by the end of 1990," he said.

Mr. Alick Buchanan-Smith, junior Agriculture Minister, could offer little comfort to Mr. Hardy. It was not possible to predict production beyond the next five years but wine was currently being decanted into the lake at a rate of between 600m and 1bn litres every year.

That was why Britain was supporting a Common Market move to reduce the number of vineyards in the Community, said Mr. Buchanan-Smith. He added, however, that for some reason British vineyards were exempt.

This pleased MPs and Mrs. Gwyneth Dunwoody (Lab., Crewe) asked the Minister to try to obtain cheaper burgundy and perhaps one or two beaujolais for British drinkers from the Common Market.

Very desirable, agreed Mr. Buchanan-Smith with a sober smile.

Another Ulster Unionist party

BY STEWART DALBY IN BELFAST

A NEW Ulster Unionist political party was set up yesterday when Mr. James Kilfedder (Independent Unionist, North Down) announced the formation of the Ulster Progressive Unionist Party.

Mr. Kilfedder was formerly a member of the Official Unionist Party which, with five Westminster MPs, remains the largest Unionist party, although it is boycotting the current constitution conference.

Declared

Mr. Kilfedder, however, resigned last year, having refused to take the party whip for some time before then, because he felt the Official Unionists, under the influence of Mr. Enoch Powell, their deputy Parliamentary leader, had become too integrationist.

The UPUP, Mr. Kilfedder said, would rty to promote devolvement Government for Northern Ireland. It would get a non-sectarian party and try to represent all sections of the Ulster community — Protestant and Catholic. It would advocate proportional representation as a means for electing Westminster MPs.

Mr. Kilfedder would seem to have declared a position similar to that of the Rev. Ian Paisley, the leader of the Democratic Unionist Party, which has three Westminster MPs. However, Mr. Kilfedder said he was not as Right-wing as Mr. Paisley.

● Meanwhile, the Government has moved to diffuse a long-running housing scandal by announcing that two blocks of flats in the Divis complex at the bottom of the overwhelmingly Roman Catholic Falls Road area of Belfast are to be demolished.

Brawls

A major scheme to improve the conditions in the rest of the complex is to be implemented as quickly as possible, Mr. Philip Goodhart, the Environment Minister for Northern Ireland, said yesterday.

The Divis complex has been a long-time source of trouble to the Environment Department because of appalling facilities. Apart from inadequate lifts, sub-standard corridors, bad lights, non-functioning rubbish chutes and various other services shortcomings, the complex has served as an arena for in-fighting between various Roman Catholic groups.

On occasions, members of the Official IRA and the Provisional IRA have had running brawls along the corridors. There has also been friction between the British Army and the residents.

The plan is to rehouse 500 people in 115 terraced homes, to be built in the same area.

The scheme will cost £8m, but would still leave at least 2,000 residents in the complex which various Belfast pressure groups have long claimed sub-standard.

Mr. James Kilfedder

Law Commission wants more public debate on its proposals

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE Law Commission, in its annual report published yesterday, calls for better communication with Government departments and for more participation by the public in the discussion of its proposals.

The agenda of the commission, which is the Government's "think tank" for law reform, includes the codification of criminal law as well as such exotic subjects as the position of polygamous marriages in English law. It is also the most important catalyst of improvements, simplification and consolidation of business law.

More recently the commission has been playing an important role in screening European Economic Community proposals, and projects of international conventions for their compatibility with English law.

Similar work is done in Scotland by the Scottish Law Commission. On some projects the two commissions produce joint papers.

To achieve a wider public response the commission will reduce some working papers to short summary drafts. These would outline in plain terms the basis of recommendations and the main proposals.

Harmonise

In their 14th annual report (1978-79) the five commissioners, chaired by Mr. Justice Kerr, complain to the Lord Chancellor that sometimes they get Government departments' views only after publication of the final report with a draft Bill attached. They do not benefit from departmental comments when they prepare the report.

They also felt they could better harmonise international legal developments with domestic law if they were informed of responses to departmental consultations and progress of international initiatives. Currently they learn of projects when they reach an advanced stage.

The Law Commission's work on insurance law illustrates its expanding influence in the EEC. Its working paper on insurance law considered the legal effects of non-disclosure of information by the insured. It concluded that the insurer should be freed from his obligations if the insured fails to disclose relevant facts but only when they are facts which a reasonable man—and not a prudent insurer as under present law—would consider relevant. The final report on this will also examine the provisions of the proposed EEC directive on insurance contract law.

Jointly with the Scottish Law Commission, the Law Commission has studied the EEC proposed rules on choice of law in non-life insurance contracts. It concluded that these proposals are confusing and undesirable. Regrettably, the commission could not spare resources on EEC proposals concerning consumer credit, reservation of title to goods and on other international proposals on protection of consumers and sales of goods.

The commission's report "Implied terms in contracts for the supply of goods" reviewed the requirement of continuing fitness or durability of goods. It has been asked by the Lord Chancellor to elaborate by a better definition of merchantability and by considering the value of legislation giving dissatisfied customers the choice between returning the goods, asking for a reduction in price or claiming damages.

A recent seminar organised by the Consumers Association concluded that a customer who buys a product suffering from small faults which detract greatly from its value, is faced with "an all or nothing" situation. When he claims that the product was not of merchantable quality he must bring the difficult proof that it is unfit for its purpose. If he succeeds the seller will have to take the product back and refund the money. But if he does not he will get nothing, even if the product is clearly inferior.

The commission has begun work on the simplification of hire-purchase law. It is considering a proposal that all hire-purchase agreements should be conditional sales.

The urgency of the draft Bill appended to the Law Commission's report on interest has recently been indicated by a High Court judgment confirming that once an overdue debt has been paid it is impossible to obtain from courts or arbitrators an award of interest, however long the delay may have been. This is a situation which the judge, Mr. Justice Parker, described as "indefensible absurdity."

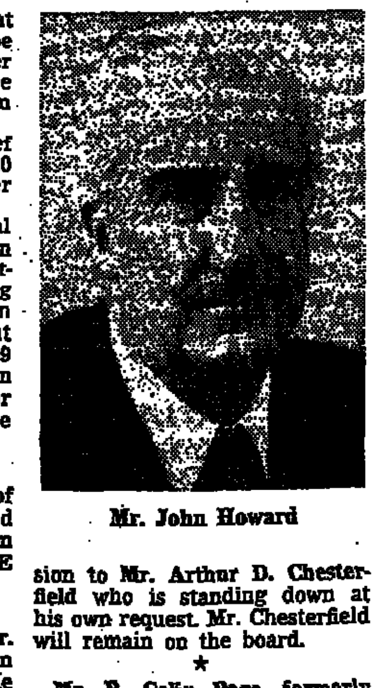
APPOINTMENTS

Chief executive for Royal Insurance

NEW CHIEF general manager at ROYAL INSURANCE will be Mr. J. J. Howard. He takes over from Mr. K. M. Bevins at the end of the annual meeting on May 14.

Mr. Bevins has been chief general manager for the past 10 years and will remain a member of the Board.

Mr. Howard joined the Royal group in 1947 at Leicester. In 1952 he transferred to the investment department, becoming financial secretary in 1964. In 1968 he became an assistant general manager and in 1969 deputy general manager. In 1970 he was appointed a director and general manager of the group.



Mr. John Howard

★

Mr. R. S. Wilkins, formerly of Wedd Durlacher Mordaunt and Co., stock jobbers, has been elected a director of THE SAVOY HOTEL.

★

At MACFARLANE GROUP Mr. Charles B. Craickshank has been appointed deputy chairman. He is the managing director of the Group subsidiary Daniel Montgomery and Son, Kirkintilloch.

★

Mr. C. Alan McLintock has been elected vice-chairman of the WOOLWICH EQUITABLE BUILDING SOCIETY in succession to Mr. Arthur D. Chesterfield who is standing down at his own request. Mr. Chesterfield will remain on the board.

★

Mr. R. Colin Page, formerly second senior partner of McAnally, Montgomery and Co., has now joined KEMP-GEE AND CO., stockbrokers.

★

The GLOUCESTER FOUNDRY, a member of the Babcock Industrial and Electrical Products group, has appointed Mr. Barrie J. Wright as managing director.

★

Mr. David E. Tagg has been appointed personnel and administration director of WATNEY MANN AND TRUMAN BREWERS. He was formerly personnel director of Platt Saco Lowell.

★

Following the resignation of Mr. C. G. Palmer, Mr. R. J. Thorne has been appointed chairman of GILL AND DUFFUS and Mr. P. J. Day has been appointed chief executive of the company. Both Mr. Thorne and Mr. Day are directors of the parent company, Gill and Duffus Group Limited.

★

Appointed directors of SHELL U.K. are Lord Cledwyn of Penhros; Mr. Brian Bowden, Shell U.K. Oil's director of marketing; Mr. Owen Heal, Shell U.K. Oil's director of manufacturing supply and trading; and Mr. George Howd, marketing director of Shell Chemicals U.K.

★

Mr. J. Sheppard Poor has been made vice-chairman of MORGAN GUARANTY LIMITED, a Morgan Guaranty Trust Company subsidiary in the Eurobond business in London.

THE PROPERTY MARKET BY ANDREW TAYLOR

New town £120m disposals likely to miss March deadline

THE END of March deadline set by Mr. Michael Heseltine, Environment Secretary, for £120m of property sales by the 21 English new towns, now looks unlikely to be met.

Inevitable delays have occurred in such a complex exercise and by the end of last year only around £50m of sales had been agreed and very few, if any, transactions actually completed.

However, the two agents appointed to handle one of the largest ever public sector property disposals—Hillier Parker May and Rowden and Jones Lang Wootton—says that most difficulties have now been resolved.

At the present rate of progress around £100m of sales may have been agreed by the time Mr. Heseltine's deadline expires and the agents are in no doubt that the Government's financial target will be achieved.

This means that over 12 months some £140m will have been raised by the new towns. Early last year the then Labour Government asked the third generation new towns to find £20m to help finance further new development.

However the much more extensive £120m sales programme announced by Mr. Heseltine in August last year, initially made slow progress.

Problems arose over the Government's desire that freeholds should be sold rather than leaseholds. Other delays have occurred while sitting tenants were given first refusal on properties.

At the same time the economic climate has worsened. With interest rates standing at record levels property investors in recent months have become much more selective about acquisitions and few new town buildings can be classed as prime investment properties.

Despite this, say the agents, prices being offered have been good and above valuations, but potential purchasers have perhaps been deliberating longer over investment decisions.

Selling freeholds, particularly on town centre sites, has raised the problem of how to deal with financial and management responsibilities of shared amenities like car parks and escalators, which are available to tenants in a wide range of properties, not all of which are being sold.

This problem appears to have been more acute in older towns like Crawley and Hemel Hempstead where a larger element of retail properties is being offered.

Mr. Mike Digby, partner responsible for the disposal programme at Hillier Parker, says that most of the difficulties have now been resolved. "Of the deals we have done generally leaseholds have been sold on town centre sites and freeholds on industrial properties.

A dozen towns are involved in the sales and Hillier Parker appears to have been much more fortunate with the towns than has Jones Lang Wootton. The bulk of the sales that had been agreed by the end of last year were deals involving Hillier Parker.

Problems faced by JLW have included complex financing arrangements in towns like Harlow, where institutional rather than Government money was used to fund some developments, and which has restricted the choice of properties which can be sold.

Crawley and Hemel Hempstead are also represented by JLW while sales at Corby have been shelved completely, since the decision to end iron and steelmaking in the town.

As a result a number of properties, mostly retail, have still to be offered on the market, although this is expected to happen very shortly.

Some progress has been made by JLW since the year end. It had already completed a number of land sales by tender—totalling perhaps £10m—and agreement in principle has now been reached on a number of other deals.

Of the towns represented by Hillier Parker, Stevenage and Bracknell have enjoyed the best response. The largest deal so far is thought to have been at Stevenage where a price of between £12m and £13m is understood to have been agreed with a major pension fund for a town centre shopping development.

It now remains to be seen whether Government will order further new town sales as part of its drive to reduce public ownership—and the Public Sector Borrowing Requirement—and place greater emphasis on the private sector.

However future new town sales may prove even more difficult. Many of those towns chosen for the present programme are those likely to prove most attractive to potential investors. Seven of the dozen towns chosen come within London's commuter belt.

Undoubtedly there will be good investment opportunities in other towns, like Milton Keynes, which have not been chosen for the present round of sales, but with the market becoming more selective there remains a limit to what it will accept.

Equally there are a number of new towns, particularly in depressed areas, where sales will be very difficult to achieve at economic levels. However it does seem likely that there are further disposals in the pipeline.

BP near Chiswell St. deal

THE OUTCOME of British Petroleum's negotiations with Whitbread and Trafalgar House to acquire the 440,000 sq. ft. City office development at Chiswell Street can be expected within the next fortnight.

BP's negotiation with the joint developers started last year and can be expected to reach a conclusion very shortly. If the deal goes ahead it could involve a purchase price of around £94m.

It is understood that there still remain one or two "sticking points" within the negotiations and although these are not thought to be major obstacles they still have to be overcome before agreement in principle can be reached.

However, BP whic his looking for space to house some of its 4,000 hadquarter staff is now favourite to acquire the Chiswell Street development which is next door to the oil group's existing headquarters at Britannic House in Moor Street.

Dhitbread and Trafalgar House concluded partnership arrangements to develop two office blocks on the Chiswell Street site, owned by the brewing group in May 1978.

The first office tower, comprising around 220,000 square feet is due for completion this year and the second tower sometime in 1981.

City's vintage year

THE STRENGTH of the City and Holborn office markets in London last year is reflected in figures produced this week by agents Debenham Tewson and Chinnocks.

These show that just over 3.6m sq ft of office space was either let or sold during 1979 compared with the 2.7m sq ft that was available at the beginning of the year.

However, the market has gone rather quiet since the Minimum Lending Rate increased to a record 17 per cent. In December the amount of office space let, sold or under offer in the City and Holborn fell by 14 per cent to 306,000 sq ft according to Debenham Tewson.

At the same time space coming on to the market fell by 57,000 sq ft to around 337,000 sq ft.

By the end of December the total amount available for letting in the two areas had fallen to 1.7m a drop of 37 per cent over the year—the greatest shortage of space occurring in the prime City commercial and banking area.

The high level of activity last year was reflected in marked increases in rents. According to the index of City office rents compiled jointly by the Royal Institution of Chartered Surveyors and the Institute of Actuaries rents for modern air-conditioned offices rose by 15 per cent in the first nine months of 1979.

Rents of £20 a sq ft and more are now being achieved for best quality offices in the City and at this top end of the market there appears to be still room for some further improvement in 1980, although any increases will be at a much more sedate pace than last year.

P.O. fund spends £80m

SPENDING on property investment by the Post Office Staff Superannuation Fund was £80m in the year ending March 31, 1979, according to the pension fund's annual report published this week.

This included £16m spent on overseas property and development. In the UK £54m was spent on shops and offices and £8m on industrial property. Spending on farm investments was £2m.

At the end of the year the fund held properties valued at £878m. Investment income from property was £25.2m. Five properties were sold during the year, realising £2.1m.

Trustees of the fund said that they intend to maintain property's proportion to total investments at around 35 per cent. Balance of the fund at March 31 was just over £2bn.

The report provides a breakdown of the fund's portfolio with just over 22 per cent of properties now held overseas. The value of European property is now estimated to be £80.9m and U.S. property at £56m.

IN BRIEF

● IN A £340,000 cash deal, Weeks Associates has sold the Drayton Road, Norwich, freehold premises and land of its subsidiary Hunton International to the Prudential Assurance Company within a few months of closing the axle-making plant there. Agricultural axle-making at Drayton Road was transferred to Hunton's Fakenham factory towards the end of 1979 and plans are now well advanced for starting commercial axle manufacture at a new facility in Singapore in the spring.

● Pension Fund Property United Trust has taken a surrender from Glasgow District Council of various leases, totalling 30,000 sq ft of offices, at Clive House, India Street, Glasgow. The building has been re-let to Strathclyde Regional Council at a rental in excess of £100,000 a year. Jones Lang Wootton acted for PFPUT.

● Denby House, an 8,600 sq ft three-floor self-contained office block at Hartfield Road, Wimbledon, has been let to GP-Elliott Electronic Systems for a rent of more than £53,000 a year. Strutt and Parker represented Brown and Root UK, previous occupier of the building.

● Agents Howell Brooks Partners have been instructed by BL to dispose of its new factory premises at Cross Green Industrial Estate, Leeds. The 105,000 sq ft factory/warehouse is situated on a 10¼ acre site at Knowsthorpe Lane.

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Lloyds Bank Trust to close eight branches

BY NICK GARNETT, LABOUR STAFF

LLOYDS BANK is rationalising its trust division with the closure of eight provincial branches and the loss of an estimated 300 jobs.

The scheme, set out in a report to staff and discussed with the bank's staff association and the Banking, Insurance and Finance Union, also involves some office closures in London and the merging of six further provincial branches into three. This last element is subject to a further report on costs.

The management says it hopes there will be no compulsory redundancies, and that staff who want to remain in the bank will be found suitable alternative employment within the group.

The rationalisation, however, has touched off some anxieties among staff, and the staff bodies believe it will be difficult to find suitable alternative jobs in many cases, particularly when changes involve moves to other cities.

The banks in general are sensitive to the reaction of staff when job losses are announced. Recruitment has tended to expand in the banks because of heavier workloads, but staff representatives are increasingly concerned about the prospect of job losses in the finance industry because of automation.

Mr. John Hargraves, the union's assistant secretary for Lloyds, said the bank had agreed in principle to discuss a new form of "redundancy package" which the union hopes would be used in cases where new technology affects jobs.

The report by Lloyds, which is also restructuring its international division, says that with rationalisation, about 300 staff out of the Trust division's 2,000 staff will be "surplus," including 15 in managerial grades. The 300 figure might be amended.

The Trust division handles investment, taxation, trustee and other work and is not directly connected with general customer service in the High Street. The provincial Trust branches to close are at Chatham, Ipswich, Middlesbrough, Portsmouth, Reading, Shrewsbury, Taunton and Torquay. The Brighton and Worthing branches would be merged, as would Cardiff and Swansea, and Liverpool and Manchester.

Solution sought in dispute over hospital's new working roster

BY GARETH GRIFFITHS, LABOUR STAFF

TALKS AIMED at ending a month-long overtime ban by catering staff at the Royal Liverpool teaching hospital were going on last night, with the possibility of further industrial action by anciliary staff next month over the introduction of a new working roster.

The Liverpool Area Health Authority met local officials from the National Union of Public Employees (NUPE) for the second time this week to try and resolve the problem. About 150 staff in the £43m hospital have operated an overtime ban since December 21, and management has been worried there could be further action by the hospital's 2,000 ancilliary staff.

Outside cleaners were brought into the hospital on Wednesday after Dr. Duncan Dolton, the area medical officer, said conditions at the hospital presented a health hazard to its 700 patients. Yesterday, the kitchens had been cleaned and staff returned to work after a walk-out.

The area health authority said the new working rosters for the teaching hospital staff were planned for February 4. Both sides had failed to reach an agreement on manning levels and flexibility of hours when the hospital opened in October, 1978. The authority said the lack of such an agreement had led to the teaching hospital taking on more anciliary staff than was needed. However, the rigidity on the arrangements over working hours had led to staff shortages in several key departments.

Atempts to introduce new working arrangements at the hospital have been going on for the past nine months. The hospital has had several labour disputes since it opened.

NUPE says the introduction of the new roster means that its members could lose considerable overtime payments.

Catering workers claim the new scheme would lose them up to £30 a week.

Moss Evans condemns Chile decision

MR. MOSS EVANS, general secretary of the Transport and General Workers' Union, said yesterday that it seemed "incredible that the British Government, in office less than a year, has found it possible to recognise the Pinochet regime in Chile and to re-establish diplomatic relations with that country."

He was commenting on the Government's decision to re-appoint an ambassador there.

"We have written on a number of occasions to the Foreign Secretary putting the views of our trade union on the continuing harassment of the trade unions in Chile and on the unwillingness of the Chilean Government to provide positive information of all those hundreds of Chileans, active in the trade union movement, who have disappeared without a trace.

Offshore workers win 25% pay award

By Our Labour Staff

THE ASSOCIATION of Scientific, Technical and Managerial Staffs said yesterday that it had secured an arbitration award worth about 25 per cent on behalf of offshore workers employed by Phillips Petroleum at Great Yarmouth.

The award, which covers 80 workers and is backdated to July last year, followed a dispute between the union and the company over a claim submitted in May.

The award involves an increase in the company's offer on salaries from 8 to 11.4 per cent. Full pay increments would be restored which, the union says, is worth a further 6.5 to 13 per cent.

The award also provides for a 17 per cent increase in shift pay to £1,017 and pay for working offshort would increase by 35 per cent to £1,283.

The union said yesterday that comparisons with other oil companies were produced. It argued that because most other oil companies were not union organised, comparisons should be drawn with other major companies working in the North Sea and providing services to the oil companies.

Workers give heart machine

MEMBERS of Apex (the Association of Professional Executive Clerical and Computer staff) employed by the Northampton branch of the Express Lifts Company have spent more than £1,000 from their wages buying a cardiac monitor for Northampton general hospital.

Apex said that the members, "disgusted by what they saw as the meanness of Express Lifts in evaluating their productivity bonuses (less than £3 a quarter), decided to teach the management a lesson in generosity by donating a percentage of their earnings to charity." Productivity bonuses have now been increased by £10.

Civil Service Union attacks plan to shut 20 skill centres

BY OUR LABOUR STAFF

PROPOSALS BY the Manpower Services Commission to shut 20 skill centres as part of the Government cuts in public expenditure would lead to a desperate shortage of industrial training facilities in several parts of the country, the Civil Service Union said yesterday.

Members of the union lobbied Parliament yesterday and a delegation of CSU officials and MPs saw Mr. James Prior, Employment Secretary, to voice their objections to the Government's policy. The union has described the planned closures as "nonsensical," and said they would hit the chances of redundant workers acquiring new skills.

The Commission is to consider the proposed closures at its meeting on January 28. It has been told by the Government to cut its staff by 3,400, which is 12.7 per cent, in the next two to three years and impose cuts of £150m on projected 1980-81 spending.

Mr. John Sheldon, CSU deputy general secretary, said last night that the proposed cuts were "madness." The centres were particularly needed at a time of rising unemployment coupled with skill shortages, he said.

Areas such as Llanelli, Dunbarton and Doncaster with a high level of unemployment had a desperate need for industrial training facilities, but these towns, and others like them, would lose their skill centres. He estimated that about 2,000 training places would be lost by the cuts.

The list of the proposed closures includes several centres in South Wales, Doncaster, London and Southern Scotland. The Commission said several centres were to be replaced by new premises, as part of rolling programme.

The Commisison has told the Government that the spending cuts will mean that services will be reduced. The Training Opportunities Programme which provides places at skill centres is to cut vacancies from more than 70,000 to about 60,000 a year. The Commission said last month that it would "have to concentrate effort where it was most needed."

Local MPs and community leaders in the areas affected have expressed disquiet at the closures. The CSU said yesterday that it had the active support of more than a dozen MPs in campaigning against the cuts.

Half-day strike call over teacher's suspension

THE NATIONAL Union of Teachers is to call a half-day strike next Wednesday of 2,500 members at 600 schools in Nottinghamshire, over the suspension of a nursery teacher. They will also be asked to decide whether to continue the stoppage in support of seven teachers already on strike.

Last week Mrs. Eileen Crosbie, a nursery teacher at the Robert Mellors primary school in Arnold, Nottingham, lost one of her two assistants because of Government spending cuts. She said that two people could not safely look after the 40 children concerned, and refused to supervise them without more help.

Mrs. Crosbie was suspended for failing to carry out her duties, and the rest of the staff walked out yesterday, closing the school to all but a handful of children who are being supervised by a temporary teacher.

Mr. Tony Taylor of the NUT, who is to meet education officials today, said there was "strong feeling" among members over the suspension of a qualified and experienced teacher for making a professional decision

"We feel the county council have tried to get teachers to cover up for their spending cuts," he said.

Mr. Taylor said the dispute could be settled if education officials were prepared to be flexible.

ENERGY REVIEW

BY DAVID FISHLOCK

Power from waste: converting the dreams into reality

BELIEVE IT or not, but a local authority in a coal mining area of Yorkshire is investing £2.7m in a process that makes nuggets of a solid-fuel coal substitute for burning in boilers. Moreover, it hopes to persuade medium-sized manufacturing companies in the area to buy this fuel at a profit to both parties.

The coal substitute—perhaps peat substitute is more precise—is a fuel derived from urban waste, by separating the minerals and compressing the paper, cardboard and plastics hard enough to form them into pellets. These can be shovelled like coal and will burn like coal, and they have half to two-thirds of its calorific value.

The story of Yorkshire's venture into a new solid fuel started four years ago in Montrose, at a conference on refuse disposal, when Mr. George Thomas, chief environmental officer of South Yorkshire County Council, tore up a long-prepared script and delivered an impromptu speech urging more action. A Department of Industry official who heard him asked if he really meant it—and was told that he did.

Categories

The Department of Industry had a technology under development for which it was seeking a customer. At its Warren Spring laboratory at Stevenage it had been developing techniques for sorting urban refuse into categories which showed promise of being rich enough to consider as industrial feedstocks. The work had begun back in the 1960s, when it was first recognised that tin cans were as rich in tin as the ore being mined at Wheal Jane in Cornwall. Potential feedstocks from the "man-made ore" included iron, non-ferrous metals, glass "cullet" (broken glass) and fuel.

The upshot of George Thomas's fortuitous meeting was that he began to plan a new kind of waste disposal plant for Doncaster. A tripartite partnership was struck between Warren Spring researchers, the Department of the Environment, which agreed to sponsor the project, and his county council as prospective customers. The plan called for a process plant based on Warren Spring technology. Later Motherwell Bridge Tacol was chosen to design and build the plant.

The area this plant serves has about 270,000 people, about one-fifth of the parish over which Mr. Thomas presides. The Warren Spring team, led by Dr. Peter Birch, had been analysing urban waste up and down the country. Doncaster is "fairly typical" but, as an area which still burns a lot of coal in domestic fires, it is high in cinders and ash. And because of this ash there is little tendency for the householder to bundle his refuse into plastic bags. It goes straight into the dustbin.

The scientists found that what Doncaster was tipping into holes in the countryside was a "man-made ore" composed of some 25 per cent paper and cardboard, 26 per cent of "putrescibles" (food and garden wastes), 9 per cent glass, 7 per cent ferrous metals, etc. Each inhabitant creates about one-third of a tonne of this "ore" a year.

Last summer Motherwell Bridge Tacol brought into operation a recycling plant designed in close collaboration with Warren Spring to handle 60.000 tonnes of urban waste annually. From it the county council hopes to separate some 22,000 tonnes of feedstocks—10,000 tonnes of fuel, and as much as 3,000-4,000 tonnes each of glass, metal and paper fibre. Later it hopes to add another stream recovering the "putrescibles" as a fertile humus for landscaping local tips.

The plant has cost a total of £2.7m, of which South Yorkshire County Council found £1.7m and the Environment Department £1m. For comparison, the local authority engineers say that a new incinerator and sewage sludge digester for the same job would have cost upwards of £5m. The re-cycling plant has no effluents or emissions. There is only the coming and going of the dustcarts, which discharge their burdens inside the plant.

The plant, still resplendent in red and yellow livery six months after opening, is a series of simple physical separation processes. Where necessary, the researchers have uninhibitedly borrowed from established technology. For example, to sort stones from small pieces of glass they use a technique well-tried for separating bad peas in the canning industry.

The dustcart tips "man-made ore" on the floor of a reception area, from which a mechanical shovel is used to feed it steadily into the plant at about 10 tonnes an hour. In this way the operator can readily spot the still-burning cinders or the odd bedstead or cylinder block that might prove embarrassingly big for the plant. (Christmas trees, which became entangled into an intractable mass, have proved an unexpected problem this month).

Freddie Mansfield

Mr. George Thomas, the Chief Environment Officer of South Yorkshire County Council, at the Doncaster recycling plant.

Separation

The first separation is made by the trommel, a big rotating drum, for the development of which Motherwell Bridge can take credit. This stage, the heart of the process, sorts the waste into three basic sizes—under 40mm, 40-230mm., and everything bigger than that. The refuse is literally screwed through the length of the trommel, over screens which sieve it into three streams.

The fine fraction is the one which, after further sorting and washing, yields clean glass fragments of a quality the local authority believes it can sell to the local glassmaking industry for as much as £17-£20 a tonne. The coarse fraction contains largish pieces of paper, cardboard, rags and other fibrous materials which, when separated by a laser-controlled blower, form a potential feedstock for the papermakers. The intermediate fraction includes much of the metal—mostly tin cans, easily separated by a magnet—and the soiled paper, plastics, etc. used to make solid fuel. These combustibles are shredded and fed into a press which simply squeezes them into pellets about 16mm in diameter.

Waste-derived fuel is the term adopted for these pellets. Because of their similarity to peat they looked at Ireland's latest peat briquetting technology, but found it too expensive. Instead they adopted technology used to compress animal feedstuffs into cake, at a third of the cost of the German-built peat presses being used in Ireland.

Dr. Birch has looked closely at potential health hazards but found "garden soil far more dangerous." In spite of its unprepossessing origins, the bacteria count in the waste-derived fuel is surprisingly low. He believes that temperatures reached in the press are high enough to "pasteurise" the pellets.

So far waste-derived fuel has been made only on the pilot plant at Warren Spring. At Doncaster the production plant will not be ready before May but is expected to be in full flow this summer. They have not yet signed a contract for fuel supplies but claim a lot of interest among medium-sized industrial users within a nine-mile radius. They reckon they will need only two users of this size to take the entire output of the plant.

Extension

For an outlay of about £200,000, the local authority engineers believe they could double the throughput of the waste. George Thomas reckons he needs 18 months' experience of the present installation before deciding what changes—if any—should be made in extending the recycling plant. Reflecting upon the start of the project in the mid-1970s, he says: "What I saw was a ragbag of a thing but what I liked was the philosophy."

This "philosophy" is that the man-made ore can be converted by simple technology and for a modest input of energy into feedstocks with considerable energy-saving potential. He contrasts this with West Germany where the enthusiasts are concentrating on the much more sophisticated technology of pyrolysis (combustion in the absence of air) to refine urban waste. Doncaster's technology is basically simple but ready to bring in new techniques such as lasers and optical sensors to solve particular problems in separation. The Yorkshire engineers believe that their approach is robust enough to accommodate any changes in the composition of urban waste and to avoid any need for adding to or enriching the refuse.

The proof must come in the next few months, when South Yorkshire County Council expects to sign contracts for steady supplies of fuel and feedstocks from their "refinery," in direct competition with local sources of coal and cullet. They even talk enthusiastically of manufacturers embarking upon entirely new products based on the feedstocks from their refinery.

FINANCIAL TIMES REPORT
Friday January 18 1980

Flooring and Floorcovering

The 1980s will be one of the industry's most trying periods. Home demand is expected to weaken and export markets have suffered from the strength of sterling. British and foreign manufacturers will be showing their products at the London Contract Flooring Exhibition next week.

Leaner industry on the way

By Terry Garrett

"*IT IS NOT* going to be an easy first half in 1980 and the whole year will be difficult, but 1981 will see a leaner industry come through," according to Mr. James Carpenter, chairman of Carpets International — the UK's biggest carpet manufacturer—and vice-president of the British Carpet Manufacturers' Association.

He is hardly over-stating the immense problems that carpet manufacturers face. A year ago quite a few optimists were predicting a reasonably good year in 1979. But the recent spate of redundancies in the industry has proved their optimism misplaced and the industry now looks in worse shape than it did 12 months back.

The problems facing the carpet manufacturers are over-capacity, weak demand, increasing imports, decreasing exports, higher input costs (oil-based products), increasing competition, the large retail groups' buying power, and the need for expensive technical development. All this leaves very little to be cheerful about.

The problem which has attracted most attention is the dramatic increase in tufted carpets—produced from man-made fibre—exported from the U.S.

Until 1978 imports did not pose any real threat to the UK markets. They accounted for only 6 to 7 per cent of consumption on average and much of that came from Eire and practically all of that from Youghal Carpets.

Then came the Americans, though it might be better to say that along came Allied Carpets. The influx of U.S. tufted carpets stems more from the UK retailers going over to the States to buy rather than the U.S. producers trying to flood the UK market.

The American producers obviously benefit from lower feedstock and energy costs as the result of lower oil and petrochemical prices. Also, there is a second pricing advantage, according to Mr. David Buck, textile analyst with stockbrokers Laing and Cruickshank, in that the U.S. makers use a lot more natural gas in fibre production, which is relatively cheap compared to oil.

In addition, the U.S. manufacturers are that much bigger than their UK contemporaries and there are undeniable economies of scale. Finally, a weak dollar has given them an extra pricing advantage.

Estimates of the pricing advantage vary considerably. There is an 18 per cent landing duty and even after that, Mr. Carpenter says, the carpets are 20 per cent cheaper than UK ones. John Davenport, textile analyst with Manchester stockbrokers Henry Cooke, Lumsden, puts the U.S. price advantage at 10 to 15 per cent.

But whatever the extent of the advantage it is not just pricing that has so rapidly won the Americans a larger slice of the UK market. According to John Davenport: "The carpets are not cheap. They are good quality tufted carpets at competitive prices and the design concept has opened up a new fashion area in the UK."

Solution

In defence, the UK manufacturers have turned to the EEC Commission for assistance. The problem of American exports is not confined to the UK and the EEC may impose countervailing duties to offset the cheap oil costs in the U.S.

No solution has been produced yet but only cheap oil prices have been picked out as a target for attack and the Americans have more than that in their favour. However, there appears to be a consensus of opinion that U.S. imports will not be taking much more of the domestic market and UK manufacturers will have to come to terms with the competition.

Of course, the U.S. competition would be more bearable if it were not for the poor state of the UK market. Pressures on consumer spending have had a significant impact and carpets have become very expensive capital items. Gone are those days of the 1960s when many newly-married couples could afford to buy their own house and give it wall-to-wall tufted carpeting at modest cost.

Consumer spending undoubtedly will come under further pressure this year and the outlook for new housing — considered a significant indicator of demand for carpets — is depressing. Estimates suggest a fall in new housing output to under 200,000.

The omens are not good for a sector bedevilled by over-capacity, even before imports are considered. Heavy capital expenditure programmes initiated in the early 1970s following good profitability have come home to roost. This is particularly so at the volume tufted end of the market. The better quality Axminster/Wilton types have suffered at the expense of cheaper tufteds but there is a growing opinion that perhaps demand there has finally bottomed out.

The sector has long needed a big shake-up. To some extent this may have been provided by the decision last November by Associated Weavers to pull out of the tufted market.

Associated was one of the biggest manufacturers in this sector and the move may mean the loss of more than 1,000 jobs in Bradford.

It is this sort of bitter medicine for the problems facing the industry which few UK companies are willing to take. However, Associated is owned by Champion International of the U.S. and it was the parent company's decision to withdraw from tufted and printed carpets.

In the short term the withdrawal of Associated Weavers from the battle will have a detrimental effect on the other manufacturers, but in the longer term Associated's decision could be good news for the rest of the industry.

Halifax-based Homfray is also facing up to the facts of life. It has recently announced that it is halving its workforce to 800. The major division to come under the axe is its woven carpet factory. The company has suffered badly from the fall in UK tufted exports.

As the figures from the British Carpet Manufacturers Association show, UK exports have taken a terrible mauling. Exports dropped from 18.32m square metres to 15.63m square metres in the first half of 1979. Tufteds in particular have been hit. In the period January/October last year printed tufted exports were down to £18.75m against £25.76m for the comparable period.

Benefit

The reason behind the problem has been the strength of sterling. In Mr. Carpenter's words: "UK oil has not been kind to us. Sterling is strong but we have had no reciprocal benefit of cheap oil feedstock prices." Some in the industry believe that the strength of sterling has been one of the biggest problems for UK manufacturers.

Others suggest that the biggest threat is the buying power of the big retail groups. The Co-ops, Allied Carpets and Harris Queensway probably account for about 35 per cent of the country's carpet sales. Retailers with such big market shares can put a lot of pressure on their suppliers, not just on quality and quantity but also on price.

The manufacturers' other headache is that they must reinvest in technical developments. In the 1960s the cost of entry into the tufted market was relatively low. The machinery was relatively inexpensive and there were considerable labour economies against weaving.

Later, printing tufted carpets involved buying much more expensive machinery and there was a strong incentive to keep plant going and sell at any price rather than see it stand idle. Today's over-capacity is a problem built into the technical development of the 1970s.

The difficulty with printing on plain tufted is that the pile needs to be thin or the print turns out a mess. Now computerised injection machines have been developed which can print on a far deeper pile. Perhaps this development will enable manufacturers to fight back at the American "shadow" tufteds which have come on to the market so rapidly.

Screeds the key to long service

GRASS ROOTS problems literally start underfoot with the creation of a new floor and its screed—the foundation underneath. Although stringent regulations now govern requirements for damp-coursing and fire-proofing, an aspect which heavily flavours all new construction projects today is the big environmental bugbear—noise.

Insulation is the necessary name of the game in these damp islands but energy conservation apart, the reduction of decibels from industrial and domestic reverberation is of paramount concern to planners, architects and the building industry.

Concrete floors are heavy and stiff enough to restrain vibration of walls but most wood-joist floors are not, and the maximum net sound insulation for the latter is controlled by the thickness of the walls, even though the floor may have potentially higher sound insulation.

While there are those who may learn to live with, and perhaps even love, the familiar creaks of wood floors in period properties, the material is really favoured today by only the affluent buyer and ballroom dancing addict.

The concrete and cement industry for some time has made an all-out effort to persuade people to use their firmer base, particularly in the construction of new houses and apartments.

Floor screeds are made from a range of materials including *dense and lightweight aggregate* concrete, cellular concrete, and synthetic anhydrite (a binder of the gypsum family), but dense screeds made from cement/sand mixture are the most widely used.

The provision of floor screeds is simple, but their inclusion costs money, and hundreds of thousands of pounds a year would be saved by eliminating a proportion of screed failures, says the Building Research Establishment, the Government's centre for construction research.

In competitive tendering for this work, the lowest tender is more likely to be one in which some steps have been omitted. Such omissions result in screed deficiencies, with a subsequent expenditure in time and effort *in attempts to establish* not only responsibility for the inadequacies but also to determine how far they can be remedied before laying the flooring above the screed.

Compacted

Present mixes tend also to lead to a situation where the whole screed thickness may be poorly compacted but more often it leads to a screed whose compaction varies throughout the thickness with the highest compaction being in the top. This means that there is a dense sound-looking surface layer as little as 5 mm thick overlying a weak, friable layer which could extend through the remainder of the screed thickness.

Many floorings include textile materials and sheet and tile materials only 2 or 3 mm thick, which give little protection to the screed. The constant movement of chairs, heavy furniture, and other wear and tear provides sufficient impact to cause *screed failures which become* apparent only after the flooring has broken down.

But, whether supporting coal heavers, customers or computers, a floor constructed today generally has the bonus of aesthetic appeal—this is particularly highlighted in new multi-million pound shopping precincts where terrazo gives a beautiful and durable finish.

At W. H. Smith's £2.75m computerised distribution centre in Swindon, Latexfalt was considered ideal for the non-dust-producing, jointless floor surface required. Its non-slip and resilient properties are also highly suitable for fork lift or pallet truck operations in industrial environments. This material is produced by A.R.C. Construction, a subsidiary of Amey Roadstone Corporation.

Functional and fun, and probably the most imaginative floor to be created in an educational establishment, is one at the Moorland First School in Milton Keynes. A chequerboard pattern of Nairnflex tiles is used here for mathematical purposes—for logic work involving sorting and classifying a variety of materials according to colour, shape and size.

The main idea is to try to create an air of excitement among pupils learning maths as the floor can be used for simple adding and subtraction problems and for some of the more facile mathematical and numerical progressions.

Though this particular material is no longer manufactured, the scheme's inspiration can surely lead to con*tractors and designers creating* a completely new world at our feet.

Deborah Pickering

هكذا من الأصل

Exports of vinyls growing

WHEN MICHAEL NAIRN took the biggest gamble of his life in 1847 and built a floorcloth manufacturing factory in Kirkcaldy, Scotland, local people coined the phrase "Nairn's folly." It was the first floorcloth factory in Scotland and his modest ambition at the time was to capture a third of the Scottish market from the English suppliers.

A century later his "folly" had become a major force in the floorcovering market and put Kirkcaldy on the map as "Linoleum town."

The collapse of demand for linoleum for household use in the UK during the early 1950s was a major blow to Nairn but it has come through as the leader in vinyl flooring and is still one of only three linoleum manufacturers left in the world.

Nairn is not alone in the field of course. Marley's management spotted a gap in the UK floorcovering market shortly after the 1939-45 world war. A trend towards concrete flooring left an area where traditional floorcovering methods could not measure up. Marley imported the idea of the heavy thermoplastic tile from the U.S.

A few are still made today but the thermoplastic tile has become widely replaced by a cheaper vinyl product. Still a hard tile, but much thinner and in a far wider colour range.

Production continues to be geared towards the new housing market in the UK but half of Marley's tile output now goes overseas. In the U.S. they are becoming increasingly popular for flooring basements while the Middle East and Africa are also significant export markets.

Demand for linoleum for use in the home collapsed during the 1950s for several reasons. For a labour-intensive industry linoleum had become a relatively expensive product and printed vinyl flooring was coming on to the scene. However, linoleum has survived in the contract market and Nairn is still manufacturing 2½m square metres of linoleum a year — 25 per cent of which is exported to such countries as Australia, New Zealand, the U.S. and France.

On the domestic scene printed vinyls ruled the market after the move from linoleum, but the competition became fierce and prices were slashed to such a degree that the returns in retailing became extremely slim and some of the big department stores would no longer stock vinyls.

Nairn's introduction of cushioned vinyls in the early 1960s marked a new era and though others have followed in its footsteps, as yet there has not been a repeat of the type of competition which pared margins back to the bone on the earlier vinyls.

Exact market shares are arguable: all the manufacturers try to guess the opposition's share. Nairn reckons that it had 38 per cent of the UK market for vinyl flooring in the final quarter of 1979. Marley's share was probably between 20 and 25 per cent. Whatever the percentages the pecking order runs Nairn, Marley and Armstrong. Together these dominate the market, with imports, including those from American-owned GAF in Ireland, taking about 25 per cent of the market.

Asbestos

One of the difficulties associated with cushioned vinyl flooring is its tendency to shrink and curl. Basically the problem rests with the asbestos used in forming the backing.

Companies have recently tried to overcome this problem in two different ways. Marley has stayed faithful to producing its vinyl flooring in 2-metre widths but two years ago switched to a fibre-glass backing instead of asbestos. These are marketed under the "Lay-Flat, Stay-Flat" label.

Others have switched to four-metre widths reducing the need for joins in most British kitchens. This also follows the trend in the European markets, which are moving more towards the wider product, and the U.S. which has always tended to produce 12 ft wide floorcovering.

Armstrong was the first in this country to introduce 4-metre machinery and last year Nairn opened its £20m investment in a new computer-controlled plant for 4-metre production. It already had the capability to produce fibre-glass backed 2 metre vinyl and is currently adding to its 4 metre plant so it can produce vinyls which are not asbestos-backed. So Nairn will have the market covered all ways.

Not surprisingly, Nairn is optimistic about the long-term growth for 4 metre covering. By 1982 it reckons that about three-quarters of new vinyl sold in the UK will be of the wider type.

Apart from the "shrink and curl" point the other factor at work is emotional reaction to the use of asbestos. Sweden and Norway have banned asbestos-backed floor coverings and Denmark is expected to follow suit in the next couple of months. These markets are not significant to British manufacturers but there is the danger that one of the bigger European countries may ban asbestos and others might follow.

What other problems are likely? One big fear is that progressive increase in oil prices will result in vinyls becoming so expensive that people will not buy. Demand even now is hardly buoyant.

The UK market has matured and though there may be a steady inroad into other floorcovering areas, vinyl sales are now mainly for replacement. The UK market stands at sales of about 14m sq m a year and each manufacturer alone could more than cope with that. Nairn's new 4 metre plant, for example, could produce 20m sq m and the work on its extension will lift that to 30m.

In Europe there is more scope for growth. Germany saw an increase of around 12 to 15 per cent last year and Europe as a whole probably increased by 8 to 9 per cent.

Nairn has only 3 per cent of the German market, estimated to be in the region of 27m square metres. So there is plenty of scope for increased market share but, as Nairn will be the first to admit, it is difficult for manufacturers to get hold of a significant stake in an overseas market against local competition.

The company would like to make an inroad into the U.S. market but is excluded by licensing agreements. The Mediterranean market might be a growth area for the mid-1980s but the preference there is for tile floors so the demand for vinyls looks limited.

Terry Garrett

Specialist carpet makers resilient

THOUGH THE catalogue of problems which faces the carpet industry sounds drastic enough to swamp UK manufacturers, inevitably the industry has spots where the picture is a little brighter. Nowhere does one meet optimism but in the words of Mr. J. Scott, finance director of Shaw Carpets: "If I have to occupy a seat in the industry, the seat I want to sit in is mine." It is a feeling shared in the minority of companies doing reasonably well.

The reasons why some companies appear more resilient to the difficulties than others are obviously diverse. But for the most part the common factor is trading in a specialist field where competition and pricing are not so damaging.

Perhaps one obvious exception to this generalisation is Shaw. It manufactures tufted carpets—the end of the trade whose health can be measured by the closures at Associated Weavers and pressures on Homfray.

Shaw's operation is tightly run but not immune to the difficulties. The one identifiable difference at Shaw is its Millitron computer-controlled dye injection machine. Unlike Carpet International's Chromotronic machine, the Millitron was bought from an American textile company which has several of them in operation. So Shaw bought proven technology, though admittedly it did have teething troubles.

The Millitron allows a more sophisticated style of printing and Shaw has been able to make inroads into the bottom end of the market normally held by the far more expensive woven Axminsters.

Much of the carpet industry was working short time last autumn—traditionally a busy period—but Shaw still had its workers in for a full day.

The up-market area of Wiltons and Axminsters has been in steady, if undramatic, decline for some years, particularly at the bottom end of this expensive sector. Against this background one of the smaller quoted companies, Hugh Mackay, stands out with its "bespoke" as well as standard ranges.

The company, which is completely involved in the woven market, is riding out the current turmoil in pretty good shape. One of its strengths must be the contract market which probably takes over half of its production.

Demand for new carpeting for shops and stores may slacken as the High Street comes under its own pressures this year but Mackay is looking increasingly at customers such as hotels and sports and leisure centres where demand remains strong.

The old-established family concern of Brintons is another example of a carpet manufacturer doing well from its commitment to the middle to upper range of the woven market with some help from export and contract elements. Domestic sales accounted for about 65 per cent of turnover last year, with contracts taking 10 per cent and exports 25 per cent.

Normally the export market would take about a third of production, but the movement in the dollar/sterling exchange rate has obviously made exports to the U.S. that much harder going.

Advantages

For a while carpet tiles became highly popular in the contract market and even companies such as Nairn and Marley have been tempted out of their traditional areas to compete. There were obvious advantages in that tiles could be moved around to prevent particular patches of wear. But how many users actually took the trouble to move tiles around is something else.

Nevertheless, carpet tiles certainly have a place in the market. Some estimates put their sales in the UK at about £35m a year.

Then there are specialist contract suppliers of surfaces for use in indoor sports. Geared to the leisure sector, suppliers of these surfaces, such as Esco, mostly have seen buoyant conditions over the past couple of years.

Readicut International is a traditional specialist. Famous for its rug kits which do not face many of the problems of carpets generally. Apart from the rug kits it also manufactures ready-made rugs—a part of the market which is showing some signs of a revival in demand.

It is interesting to see that Shaw has put its toe in the water by displaying a selection of rugs at the Frankfurt Trade Fair last week. If there are tougher times ahead consumers turn more to the traditional rug to brighten up a worn carpet rather than a complete replacement.

Readicut is also heavily involved in the car carpet market. As the UK's largest supplier its fortunes in this division are obviously dominated by factors far distant to domestic carpets. It worries more about a Ford strike than competition from American tufteds in the home.

Readicut has its problems. The jump in the price of polypropylene has taken the competitive edge off Plasticisers. Last November when Readicut reported half time results, Plasticisers was in the red and without the price differential manufacturers are bound to turn to other man-made fibres which are easier to work with.

Also Readicut's subsidiary, Firth Carpets, which is in both tufteds and woven carpets, faces the common problems of the sector though with 20 per cent of its tufteds going into the contract market there is some cushion against the wider problems.

Terry Garrett

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFICE EQUIPMENT

Microfilm industry has new ideas

THIS YEAR'S Microforum in London will be the last event to take the traditional form—like every other sector of industry in which there is a large share of electronics, micrographics is undergoing a number of important changes which are being driven by the rapid growth of microcomputer applications, but also by the convergence of computing and communications technologies.

To be held at the Wembley Conference Centre from March 11 to 13, it will take place against a backdrop of economic stringencies. But the organisers, Business Equipment Trade Association, see no reduction in interest for the products of this sector. On the contrary, it is manufacturers' experience that, as soon as there is a business recession, companies begin to look inwards upon themselves to see how their operations can be streamlined and made more efficient in seizing what business opportunities there are.

With a total of 22,500 fully *integrated installations in the* UK at the moment—fully integrated being installations where the whole operation from camera recording to film record retrieval *is carried out*—the value of the industry is put at £45m in terms of hardware and consumables sales. If the bureau side is also taken into *account, the figure is closer to* £60m.

Growth predicted for the current year is about 30 per cent for hardware and as high as 40 per cent for the services *area.* Historically, the overall growth rate has been 21 per cent with 28 per cent recorded for the microfiche and 16 mm film areas.

Several manufacturers will be presenting new equipment and one particularly exciting introduction will be the record and recall system for automatic microfilm retrieval designed and made by Imtec. It offers random access so that documents can be filmed and filed in any order and at any time. They can be found again far more quickly than with the usual sequence systems.

The flat-bed camera used in the system incorporates a keyboard on which the operator selects a code for each document being filmed. Code numbers may be entered in random order and mixed batches of documents can be handled with no problems as *they arrive, or in automatic* sequence, or again in groups—giving the same reference number, for instance, to a batch of invoices.

As the document is being microfilmed, it is automatically coded, the code being recorded at the bottom of the frame so as to waste no film. Microfilmed indexes can be inserted in the file wherever required.

The recall unit uses cassettes of roll film produced by the camera or by appropriately programmed COM (computer output on microfilm) units. The item required is quickly and accurately located by its reference number and projected on the viewer, a hard copy being provided on demand.

Retrieval is speeded because the recall unit does not count the codes but reads them optically — there is no sequential scanning of numbers and no film rewinding. Retrieval speed ranges from one to 20 seconds and there is a by-pass facility for slow browsing.

For Canon Business Machines, the event will provide an opportunity to show how the company's 161G camera processor will turn out ready-to-use processed roll film within minutes of filming, although the unit has no plumbing and fits easily on a desk top. New equipment for banks, inter alia, is an automatic unit able to film up to 300 cheques a minute with *10,000 records per 100 feet of* film.

From Kalle there is a fast microfiche duplicator able to make duplicate fiche at 1,200 copies an hour. It is compact and simple to use and is offered as a complete package based on *diazo film.*

Office Equipment (John Dale), will be launching a series of aperture card processor cameras made by S. M. A. Schaut in West *Germany. They are intended for* medium-sized film departments, or as a standby for big installations.

For GAF (Great Britain), the show will be an opportunity to launch a step and repeat camera capable of filming newspapers and other large documents up to A2 size on standard microfiche using a 32-image format. A new Zeiss lens system is incorporated with either a 50 mm or 32.5 mm *lens.* The company's new roll film duplicator operating at 120 ft/min is also to be shown for the first time.

Clock-in by clockwork

THE HANDS have, as it were, turned full circle with the announcement by Blick International Systems of an attendance recorder which is "independent of electricity": in fact it has a clockwork motor.

There remains a need for the old ways—in particular for locations such as construction sites where mains power supplies are not available.

This unit, called 51 LVN, has an eight-day hand-wound pendulum movement and six in/out records on each printed line for seven days before re-winding.

The time up to 23.59 hrs and the day of the week are printed on 86 x 140 mm cards, operation being by lever on the front. The machine weighs 19 kgs (42 lb), has overall dimensions of 560 x 330 x 300mm and is suitable for wall mounting. The clock face can be read at distances up to 12 metres.

More from Blick House, Bramble Road, Swindon SN2 6ER (0793 692401).

● PLANT

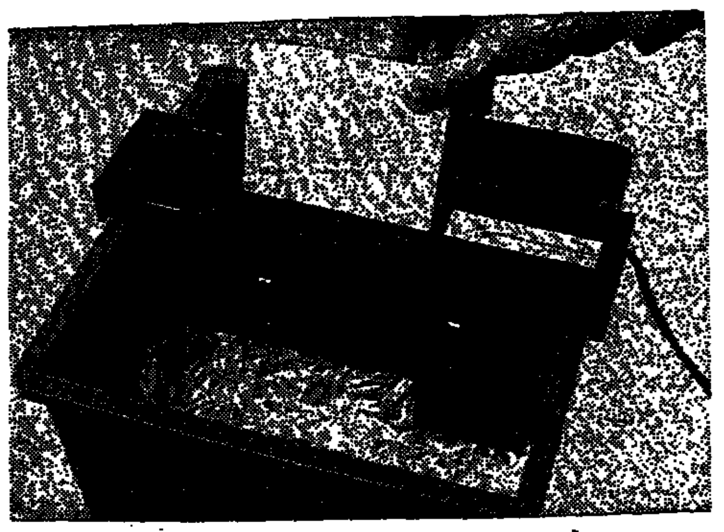
Compact air compressor

MANUFACTURE HAS started by A. P. E. Belliss of the VHA6, a design of air compressor using a V-block arrangement with the driving electric motor mounted within the "V."

The unit can produce oil-free air in quantities up to 6 cubic metres per minute and pressures to 10.5 bar (150 psi). It uses either a single or two-stage double-acting system and employs a cast crankshaft in high-tensile iron having a swan-neck pattern with a single balance-weight that allows one-piece connecting rods to be used.

Cooling arrangements are independent and the VHA6 has integral intercooler and after-cooler assemblies with fans driven direct from motor shaft and crankshaft.

More from the company at Icknield Square, Birmingham B16 0QL (021 454 2531).



Office workers who deal with confidential letters and documents and are responsible for their destruction will not have to leave their desks to do this if they are supplied with a small shredder like the one shown here. It will fit on to any wastepaper bin or basket and only needs connection to a 13-amp power point says Lawtons of Liverpool (051-227 1212).

● SAFETY AND SECURITY

Traps the book thief

BY OFFERING a standard equipment package and taking advantage of declining electronics costs, 3M has been able to launch a version of its book theft detection system at £5,000, about half the price of its present system of which over 150 have been sold in the UK since 1974.

The new system makes the deployment of such detectors much more attractive to rather smaller libraries than before.

According to 3M, the theft of books, not only from libraries but from bookshops as well, gets more serious each year: losses range from 1 per cent in a "good" public library to 10 per cent at some colleges. Nationwide, the library losses alone are not less than £3m and are put by some at £10m annually —a cost borne by the tax and rate payer.

The alternative to chaining books to the wall (not unknown in some countries) is a system in which deterrence is the main aim, but which can be used for prosecutions if necessary.

Technique is for the librarian or bookshop proprietor to *permanently fix within the book* structure a thin detection device which, in conjunction with pulsed electromagnetic fields generated at the library exit, *will alert the librarian to a book* that has not been properly checked out at the issue desk.

The company has asked that no further details of the book device or location within the book to be revealed, for security reasons. Suffice to say that the book, provided it has been de-*activated at the issue desk,* can be taken out of the library normally. But if it has been taken straight from the shelf, the device within it will respond *to the field* and emit a signal which the equipment will pick up, sounding a "bleep" alarm.

The exit detection unit consists of two five feet tall panels between which the borrower passes; other metallic articles carried in briefcases or bags will not be detected.

A simple console is used at the issue desk to de-activate the book for satisfactory passage *through the detector.*

Detectors can also be fixed to cassette tapes and to gramophone records. They cannot be easily screened or nullified by externally applied magnetic fields.

The "*corridor*" *formed* by the two detector panels is barred at the exit end by a single pivoted rod which locks in the closed position if an illegal book *is detected.*

More about the system, which is known as the model 1250, from 3M House, P.O. Box 1, Bracknell, Berkshire RG12 1JU (0344 26726).

Fire watch in the desert

THE off-shore and land-based oil industries have offered new marketing opportunities to *companies specialising in equip*ment for the detection and pre*vention of* fires and explosions.

Graviner, which is a division *of Wilkinson Match, has been* well to the fore in this field and its latest achievement has been the supply of special fire detection equipment for a natural gas processing plant in Oman operated by Petroleum Development.

The equipment is controlled by ultra-violet radiation and the main problem for Graviner was that the zone to be protected was surrounded by seven flare stacks *in an area* where there is already a high degree of natural ultra-violet radiation.

However, a system was devised based on the company's Swordflash ultra-violet detection system and this gives a 15-second response to a small natural gas flame. A potential source of fire will thus be very quickly detected and alarms given.

Because it has been "tailored" to recognise variations in flame size it is claimed that a false alarm might occur once in ten years or even 30 years. Delivered six weeks ahead of schedule, the equipment is integral with the main control *system at the plant which is in* an open air desert location.

● RESEARCH

Laser puts it on record

YET ANOTHER astonishing prospect for image creation and storage is afforded by a recent Bell System account in its Tech*nical* Journal of laser "machined" images of 10 x 8 mm in area which can be produced in 12 seconds in seven grey levels.

The definition of these tiny pictures, produced by burning holes a few microns across in *metal film on a transparent* substrate, is over 3m pixels (discrete picture elements). By comparison, a standard *tele*vision picture contains about ¼m elements.

The images are immediately available for projection and thus form the basis *of a facsimile* receiver unit or of an archival storage system, the former drawing its signals from a transmission line, the latter from say, a computer.

Basic system is a gallium aluminium arsenide laser (300 mW peak) which is used to raster-scan the dual bismuth *selenium film* with 2,000 lines and is capable of making 1,600 holes per line. The pulse repetition rate, raster scanning speeds and pulse energy are *chosen* so that in all-white picture areas, the holes run into each other and provide 50 per cent light transmission *on pro*jection. Unmachined, black areas are under 1 per cent transparent.

Bell points out that with suitable projection optics in a facsimile receiver, the received *portion* of a frame can be viewed while the rest is still being transmitted. Such a projection receiver *need be no* larger than a conventional *microfilm* viewer and the final image is available without further processing for archival purposes.

A particular achievement of *the team has* been to keep the power needed for the "micro-machining" to a low enough level so as to *be able to* use low-cost, small GaAs devices. The secret lies in the metal film, which consists of 600 angstroms of bismuth covered by about the same *thickness of selenium.* The selenium is highly anti-reflective and combines precisely with the bismuth in the irradiated spot in an exothermic *reaction that* gives a well-formed hole with a crater round it. It is all over in a fraction of a microsecond. Substrate is 100 microns of transparent *polyester.*

Line scan rates of 166Hz and pulse repetition rates of 330 Hz, corresponding to a printing time for a 2000 line frame of 12 secs have been achieved "without much difficulty" and there is a hint in the Bell paper that a *halving of this might* be possible.

Scanning is by means of a galvanometer mirror made to oscillate in a saw tooth mode about *its* axis; the frame scan is produced by moving the film. Optical correction is applied to the arc scanning of the beam for the lines so that focus is *obtained* over a flat field.

Shelf life of the Se/Bi film at room temperature for high contrast printing exceeds ten years and the archival life of machined *images is put* by the laboratories at "several centuries."

A very full description of the work appears in the November *1979 issue of* Bell System Technical Journal (Vol. 58 No. 9). Bell Laboratoires is at 600 Mountain Avenue, Murray Hill New Jersey 07974.

● HEATING

Automatic boiler stokers

EXTRACTA Engineering has *become the sole UK agent for* the Argusfyr range of automatic stokers for waste-burning boilers manufactured by Argusfyr of Denmark.

These stokers are handling combustible waste as widely differing as wood chips, sunflower seeds and ground nut husks. They provide a com*pletely automatic means of* transferring fuel from storage silos or bunkers to industrial boilers. An electronic control system activates the feed mecha*nism according to the fuel* requirements of the boilers.

Transfer of waste is by means of augers rotating in cylindrical ducts. These augers are electrically operated and each has an overload device the prevent damage to motors. The waste enters the auger feed system directly from the silo or bunker and anti-bridging devices are provided where necessary.

Two-stage fire protection is provided. The first, to deal with blowbacks from the boiler, consists of a fusible link to a valve which when opened releases a limited amount of water to form a wet plug to drive the fire back into the boiler. The second stage activated by a second fusible link dowses the whole system with adequate water and shuts off power to all motors.

Extracta Engineering, Holder Road, Aldershot, Hants. Telephone: Aldershot (0252) 316661.

● COMPONENTS

Doors slide with ease

DEVELOPMENT of a pneumatic actuator system for sliding and folding doors has been completed by Pennine Actuators, Elland Bridge, Elland, West Yorkshire (0422 76197).

Helping to prepare the product for national and international distribution has been successful trials of its Rol-Air-Mota at David Brown Tractors, says the company.

The system is said to be ideal for the automation of doors up to 650 ft/min at the push of a *button. Alternatively,* a pull chain or sophisticated electronic control can be incorporated. No standard factory door is too heavy for the system which, when fixed above a door, will open it without effort in a few seconds.

In operation, a rolling piston moves along the outside of a *specially sealed air hose and if* pressure is applied to the end of the hose it becomes inflated and pushes the piston towards the other end, pulling the underslung door with it. The operation is reversible and speed is governed by regulating the inlet pressure or controlling the exhaust.

A compressed air supply only is needed for the standard system, and a package can be offered which includes a compressor where necessary.

It is simple to convert existing doors, assures the company, and the system is easily installed either by the customer or the maker.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Economics of not spoiling the environment

Pollution prevention pays by Michael G. Royston. Pergamon Press, £3.50 paperback. 197 pages

THE TITLE of Dr. Royston's book is culled from a pollution-preventing programme introduced by 3M, the large U.S. manufacturing group. As Dr. Joseph T. Ling, vice-president responsible for this "3P programme" points out in his introduction, rigid laws and regulations specifying pollution control hamper any constructive approach to preventing pollution.

Planners think only of meeting the regulations, for example on maximum concentration of chemical emissions from a process. This can turn all thoughts away from recycling the carrier of the containment because, even though most of the noxious chemical then stays inside the process, that bit still released is at an illegally high concentration.

Dr. Ling calls such *ex post facto* pollution controls an "actor's mask," solving no problems, merely shifting them elsewhere. The U.S. electricity supply industry, gloomily contemplating the lakes of sulphurous sludge consequential upon all attempts to stop sulphur getting into the atmosphere, would readily concur.

Dr. Royston — a British scientist who works at the CEI, a Geneva business school—has produced a handbook for the polluter who wants to try to avoid the problem altogether. He has assembled enough examples drawn from almost every industrialised country, of manufacturers who have made the need for pollution control pay off in the end, to give hope to almost every industry.

His style is brisk, vigorous, uncompromising — but always constructive. His text is not cluttered with too much technical detail and is embellished by clear sketches of how plants have apparently achieved an economically advantageous balance by recycling much of what previously was wasted.

Dr. Royston provides over 200 references to support his case for using "non-waste" technology, and many dozens of suggestions for further reading.

David Fishlock

Wandering for want of workers

Anthony Moreton on the problems small companies face when they need to relocate

The decision to move from a long-established production centre can impose severe strains on management, especially in small companies. So, what makes a company decide on a move? And what factors determine where it goes? Does Government aid have any influence?

Westbrook Linen is being squeezed out of inner London, its only home. Crawley (Refrigeration) in Saffron Walden is thinking of a move. Their common problem, as so often in South-East England, is a shortage of labour. Government grants are available to them but the companies appear to be less interested in them than in good transport links with their markets.

Freddie Mansfield

Robert Faulkner (left): only three girls sent by the youth employment service in 28 years; and Arthur Stanley: an understanding that you don't poach workers

BY SPRING the Westbrook Linen Company hopes to have closed its cramped factory in Finsbury Park, a very Greek part of inner London, just north of King's Cross station, and to have moved to a converted building in Batley, Yorkshire, (not part of a development area). Westbrook would have been there now but for the failure of the Gas Board to put in the heating system.

The company has been forced out of London because it simply cannot get workers. And this has arisen because the character of the locality in which it is situated has changed very considerably over the past 25 years.

The narrow streets of terraced houses and small works have been increasingly occupied by newcomers, many of Cypriot descent but also many from India and the West Indies together with some Italians and Irish. Greek tends to work for Greek, Asian for Asian. Few want to work for the English.

This has little, if anything, to do with race. Rather, it is a matter of ethnic consciousness, though not a little has to do with the fact that ethnic companies do not always comply with the rules and regulations regarding tax and national insurance quite as punctiliously as do the British.

"As a result of the Cypriots going straight from school to work for Greek firms," according to Robert Faulkner, Westbrook's managing director, "we get few girls coming to us. We have only had three sent to us from the youth employment service in the past 28 years.

"There is also a prejudice against factory working. The schools point the girls in almost any direction but ours. One girl started with us but left after three days. We found she was working as a checkout operator in a supermarket. Her former teacher had told her that was a better job."

As the native Londoners moved out of Finsbury Park it not only became more difficult to find workers to make up the cotton goods on which the company specialises, but the quality of the workers also fell. Some did not speak English; few had any academic qualifications. One girl, although of little use, was taken on because she was the cousin of another who was herself excellent: one for the price of two.

Boiler suit

The result was that Westbrook, which employed over 100 just after the war making overalls, boiler suits and other protective clothing for hospitals and schools, now has a workforce of only 15; in Batley, it will start from scratch with an entirely new workforce. Strangely, turnover has actually risen despite the drop in numbers because the company has turned to outworking factories, mostly in Lancashire.

This switch has created its own problems: quality control has been made more difficult; goods take longer to manufacture; and the company has stockholding problems since it has to fit in with whatever timing the outworking plant imposes.

Westbrook Linen started thinking about a move five years ago, initially to Milton Keynes or somewhere within a reasonable distance of that new town. The drawback to the East Midlands was that north-south communications were good but east-west were difficult; and many of Westbrook's customers lie on an east-west axis.

The Yorkshire area was eventually chosen by chance after a suggestion from a shareholder who lives in Leeds. Several sites were looked at, including Doncaster, Goldthorpe, Elland, Leeds itself, Kirklees and even some in Cheshire.

Alan Illingworth, who will become managing director when the company moves north following the retirement of Mr. Faulkner, has been responsible for the search for the new premises. He quickly found that a small firm lacks the expertise to tackle councils and Government departments on anything like an equal footing; nearly all councils were only interested in finding or filling sites within their own area; it was difficult to obtain specialised local knowledge of the areas being investigated.

"But the main drawback is the lack of any central directory concerning all the local and national agencies offering facilities. It would have been nice to open one book, pick out a phone number and ring it. Instead, we had to approach every council, every Government department, individually.

"By a stroke of luck we got in touch with the Yorkshire and Humberside Development Association. The people there did more for us than anyone. But we really could have done with a comprehensive directory."

The advantages of a move to Batley are that Westbrook is now close to its traditional suppliers; it can tap a workforce which has no prejudice against working in a factory and, most important, no prejudice against working for an English concern: and the area offers a good supply of high-quality labour.

One of the women who applied to join the company in Batley had worked as a wages clerk, another had three CSE passes.

In Batley, Westbrook Linen will once more be able to expand. "With that sort of worker we can build the company up again," Illingworth says. "Within three years we hope to boost turnover threefold. We could get 80 into the new building and that's what we are aiming at."

Overloaded facilities

CRAWLEY (Refrigeration) occupies part of a large works on the outskirts of Saffron Walden. It is a subsidiary of the Acrow group and shares the plant with Acrow (Engineers) and Acrow Tubes. Some 600 people are employed on the site though Crawley only accounts for about 25 of them.

Turnover has been rising strongly and now tops £1m., of which about 60 per cent comes from overseas. Sales to the Middle East of its water coolers and refrigeration plant are particularly important. Crawley's problem is that while it has ample space to expand on the present site, and could sell a lot more, it simply cannot find enough workers.

"We could put turnover up three or four times in no time at all," according to Arthur Stanley, the managing director. "The market is there, especially in the Middle East."

Given the strong demand for his products, Mr. Stanley would like to take on another 75 workers over the next two or three years, building up the company to around 100 people. This means looking for a production site somewhere well away from Saffron Walden.

When an invitation arrived from the Welsh Development Corporation to attend a local promotion in London he accepted. It was no more than a "testing of the water," since he has few ideas of what he wants or where he wants to go, other than the fact that he cannot stay in Saffron Walden, but the decision to attend the promotion was a significant first step.

Surge of newcomers

Acrow was the first major industrialist to open in the picturesque Essex town when it started up some 15 years ago. Now, a number of small- and medium-sized concerns have arrived on an industrial estate, among them Scotwood Plastics, Universal Tape Printing, GKN Distributors, Pedley Woodwork and a Dunlop subsidiary.

The labour force has not expanded to meet this surge of newcomers. For a while no house building could take place because the sewage farm was unable to cope with larger numbers. That problem has been overcome but it has left a legacy of a very tight labour supply.

"If we were to expand much more on our site we should face trouble," Mr. Stanley says. "We could only get people by taking them from other firms, bidding up the wage rates. There is a sort of understanding that you don't poach workers, though it is a rather loose sort of understanding. But it's not in our interest to do much of this sort of thing anyway."

The decision to expand Stansted as London's third airport, announced late last year, will exacerbate matters considerably. Stansted is just 14 miles down the road towards London and will become the major employer in the area, dominating wage rates by its sheer size and the unionised nature of its workforce. Life will not be easy for employers in Saffron Walden.

Mr. Stanley knows he has to look elsewhere for expansion but is not at all sure what he wants or where he wants to go. "At the moment I am merely shopping around to accumulate knowledge for the time when a decision becomes necessary."

He says he will look anywhere—but quickly dismisses Northern Ireland. He says that Government aid—such as the 22 per cent grants available in special development areas for new buildings, plant and machinery, or the 15 per cent in development areas — will play little part in his reckoning. "We are not looking for a handout. Even if it did enter into our considerations it would not be vital."

His first consideration is to get enough workers to allow expansion to take place. The second is good roads to shift the finished goods, especially to the ports. Crawley does not ship its products exclusively through any one port and so this is not a limitation.

Nor does he seem at the moment to be particularly interested in the services available from the Department of Industry's regional offices. The one facility that might appeal to him is an advance factory, ready to walk into the moment he wants to move out of Saffron Walden. "A factory could mean a lot more than those grants."

It all appears rather haphazard, as if word-of-mouth advice from fellow industrialists, followed by a visit from himself, will play a more important part in any recommendation he eventually makes to his board than will Government assistance. But, as he freely admits, these are early days.

LOMBARD

Industry and the engineer

BY GEOFFREY OWEN

ONE OF the central proposals in the Finniston report on the engineering profession is the creation of a national statutory register for engineers. Only those who have gone through an appropriate combination of academic education and practical experience, as approved by the proposed Engineering Authority, would qualify to be called Registered Engineers (R Eng). As Finniston sees it, the registration system would confer "authoritative national recognition upon qualified engineers and thereby help raise the standing of engineers in industry and society."

Such a system will only work if employers take it seriously. The big question is whether the R Eng proposed by Finniston will carry any more weight with industry than the title of Chartered Engineer (C Eng), which was introduced a few years ago by the professional institutions, working through the Council of Engineering Institutions. The companies that the Finniston committee talked to were indifferent to the benefits of Institution membership. Most employers "apply their own judgments of whether an engineer is qualified to fill a particular vacancy, based mainly on his academic qualifications and his past employment record."

It is by no means certain that the right way to raise the status of engineers in the eyes of employers and the public at large is through greater exclusivity, giving engineering the professional trappings of, say, medicine or the law. Industry needs the maximum flexibility in its use of skilled manpower and this may require, as a recent Department of Employment report* on micro-electronics suggested, a blurring of the demarcation line between professional engineer and technician. Certainly other avenues besides the graduate route into engineering must be kept open and encouraged.

The great strength of the German system is the prestige which attaches to the academic engineering qualification — the Ing Grad and the more advanced Dipl Ing. It is at this level in the UK where reform is urgently needed. The Finniston Committee makes some important proposals for injecting a greater vocational and practical element into the teaching of engineering at universities and colleges. Under the German system the engineering schools are recognised as the sole qualifying agencies. All engineering graduates in Germany are intended to be, as Finniston puts it, "practice-oriented." This is made easier because the academic institutions have strong links with industry and their teaching staff has substantial industrial experience.

The academic institutions can and should do more to meet industry's needs, but will industry respond? Product design and manufacturing management, both of which depend on technical expertise, are the two most important determinants of a company's commercial success. In the UK too much emphasis has been given to "human relations" and general management skills at the expense of the technical function. The publicity given to strikes and other labour problems has contributed to this. It is often forgotten that BL's troubles probably stem more from engineering weaknesses than from bad industrial relations. In many companies there is at least as much scope for raising efficiency through greater capital productivity (by making plants work better) as through better deployment of labour.

Incentives

No doubt there are cultural reasons why many of Britain's ablest graduates have been reluctant to undertake a career in manufacturing, but much depends on the incentives which employers provide. If they believe, as most German companies do, that the technical functions are the most important part of the business, that will be reflected in the salary and career progression which is available. The most successful and most innovative companies generally have the least difficulty in obtaining the engineers and other technical personnel that they need.

* *The manpower implications of micro-electronic technology, Department of Employment, HMSO £3.50.*

Full steam ahead for 150th birthday party

AROUND BRITAIN

MANCHESTER

WHAT IS believed to be a unique partnership between voluntary organisations, local government and private enterprise has been formed to salvage a major historical site in the centre of Manchester.

The project is the renovation of the Liverpool Road Station, the world's first passenger railway station, which opened as one terminus of the Liverpool and Manchester Railway and has its 150th anniversary this year.

The site quickly became derelict after its closure by British Rail in 1975, and the work is expected to take several years. A limited programme of renovation of the buildings and track is already under way in preparation for The Great Railway Exposition, a six-week festival organised by the Greater Manchester Council to celebrate the anniversary of the railway's inauguration.

The opening of the Liverpool and Manchester Railway on September 15, 1830, marked the consolidation of the process of industrialisation which had been going on in the North West since the turn of the century. The anniversary has provided an ideal focal point for the revival of interest in the region's industrial history. Nearly half a million visitors are expected at the two main events organised by the GMC and British Rail, and the national significance of the 35-mile stretch of track is to be commemorated in a special issue of stamps by the Post Office.

The anniversary promises to provide a feast of memorabilia for even the most voracious consumers of railway history. British Rail's contribution is Rocket 150, a re-enactment of the Rainhill trials held in 1829 to find the most suitable engine for the railroad. The £500 prize was won by George Stephenson's locomotive the Rocket and specially built replicas of the Rocket and the other entrants—Novelty and Sans Pareil—will be at Rainhill.

The event, held over the weekend of the spring bank holiday in May, will entail some careful re-routing for regular rail services in the area. "It is the first time a stretch of mainline track has been used like this," said British Rail. "All the trans-Pennine services between Liverpool and Newcastle will be affected, but we are convinced the event is important enough to justify the disruption.

"The commercial value of such a display, which includes a cavalcade of engines and coaches from the days of the Rainhill trials right through to the present with the Advanced Passenger Train, completely outweighs the problems caused by closing a stretch of mainline track. We have a seating capacity of 50,000 for each of the displays and the tickets are selling very well already."

In Manchester, the task of preparing Liverpool Road Station for 200,000 visitors expected at the exhibition in August and September is more formidable.

Greater Manchester Council bought the station for £1 from the British Rail Properties Board and took it over last year. Much of city centre land in Manchester is taken up with railway track and buildings, a lot of it is disused. Liverpool Road's revival represents a bold solution to the sorry problem of inner city dereliction. The long-term plan to house the excellent North Western Museum of Science and Industry there when the renovation work is completed has won approval from Manchester's tenacious conservationists who have been sharply critical of the destruction in recent years of many of the city's historical landmarks.

British Rail not only sold the site for £1 but also gave GMC £100,000 as part of a deal aimed at fulfilling its obligation to restore the station's listed buildings. The total cost will reach £4m and although the money has been found to ensure safety and cosmetic improvement for the exhibition, there is a shortfall of about £1.5m for the long-term programme of renovation.

The cost of complete renovation will run into millions of pounds, and the £40,000 of public money voted by Greater Manchester to help pay for the festival represents little more than an initial gesture of good will.

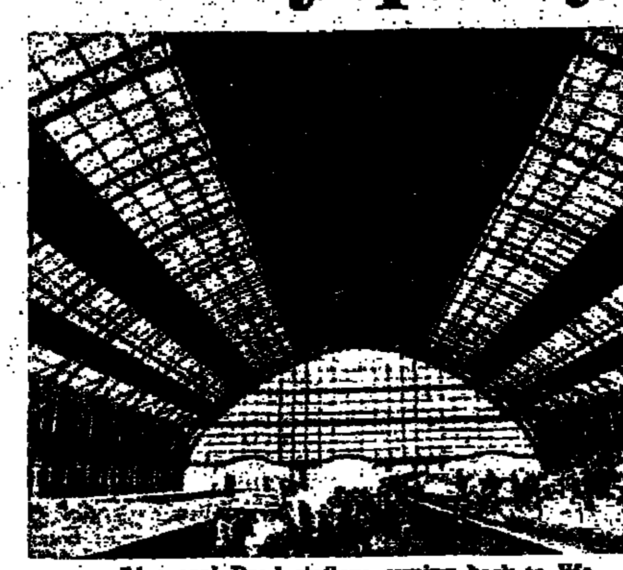
But Mr. David Sumner, the festival director appointed by the GMC, is sure the railway exhibition will bring in the £200,000 the council has agreed to underwrite.

Some £35,000 is being spent re-laying the track between the station and the main line so that the engines and locomotives can be brought in by rail. Following the traditions of the North Western Museum of Science and Industry, which has an extensive collection of working machinery, the exhibition's emphasis will be on action and Mr. Sumner hopes to get approval from the Department of Transport for train rides inside the station.

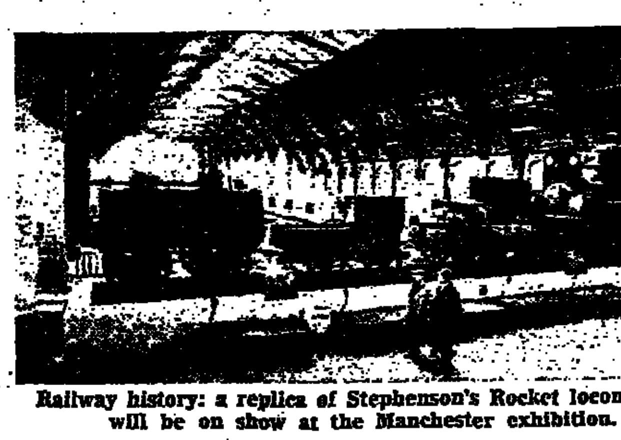
Initial plans for the conversion programme were drawn up by staff at county hall, but the site is now in the hands of private contractors. The architects are Thomas Worthington and Sons and the builders are James Jarvis and Sons, both of which have had experience of working on historical renovations in Manchester.

There are firm hopes that Liverpool Road will not simply be an exercise in civic pride but that it will prove a strong attraction for the growing numbers of historically-minded tourists visiting the area from other countries.

Marion Bowman



Liverpool Road station: coming back to life.



Railway history: a replica of Stephenson's Rocket locomotive will be on show at the Manchester exhibition.

Nine-year-olds lead National list

RACING

BY DOMINIC WIGAN

FROM THE 64 entries for the March 29 renewal of the Sun-sponsored Grand National there is, predictably, a predominance of nine-and 10-year-old among the list.

With 21 nine-year-olds and 13 a year older, however, the emphasis on contenders from that age group seems higher than usual.

The four senior entries for the world's most famous steeplechase—from which the Colt car company pulled out after what had been, in their opinion, lack of real publicity for last year's race—are the 13-year-olds, Churchtown Boy, Even Up, Kick On and Maniwaki.

I shall be particularly interested in the weight allotted to Churchtown Boy. This remarkable performer usually runs well here and his record at Aintree speaks for itself.

Runner-up to Red Rum in the Grand National sponsored by the News of the World in 1976-1977, the Arctic Slave gelding won the Topham Trophy in the same season.

Turning to today's sport no *problems are evisaged for* Kempton where Venture to Cognac should have no problems in the opener, Division One of the Sunbury Novices' Chase. Although the 2½ miles of this event is on the sharp side for him the Winter seven-year-old faces only 12 opponents, none of whom can be ranked alongside him.

Half-an-hour later it will be interesting to see if Killer Shark, a facile winner last time out, proves capable of conceding 5 lb to the Ryan Price trained James Hunt in Division One of the Middlesex Novices' Hurdle. My narrow preference is for the Findon runner.

Tony Dickinson's team will be in action on three fronts on Saturday. The stable jockey, Tommy Carmody travels to Catterick to partner I'm a Driver, Tommy Joe, Hallex Pep and Murray's Gift. The Dickinson stable relies on Dikaro Lady and Corralie at Haydock and Big Ben at Kempton.

KEMPTON

1.00—Venture to Cognac***
1.30—James Hunt**
2.00—Cape Thriller
2.30—Shady Deal
3.00—Lone General
3.30—Manelec*
4.00—The Goldstone

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.02 For Schools, Colleges. *3.20* Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 The Nitwits. 4.35 Jackanory. 4.50 Tarzan, Lord of the Jungle. 5.10 Grange Hill. 5.35 The Perishers.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 The Superstars.
8.00 My Wife Next Door.
8.30 Francis Durbridge presents "Breakaway."
9.00 News.
9.25 The Assassination Run.
10.10 Points of View (London and South East only).
†10.15 The Jack Benny Show.
10.40 Regional, National News.
10.45 The Late Film: "Where The Boys Are."

All Regions as BBC-1 except as follows:—

Wales—1.45-2.00 pm *Cwmtigili.* 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Antur I'r Andes. 8.00-8.30 My Wife Next Door. 10.10 Music Makers. 11.00 News for Wales. 11.01 The Late Film: "The Sterile Cuckoo." 12.44 am Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.10 Spectrum. 10.40-10.45 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene around Six. 10.10 It's my opinion. 10.40-10.45 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.10-10.40 East (Norwich) The East Anglians; Midlands (Birmingham) Midlands Tonight; North (Leeds) The Comics; North East (Newcastle) Coast to Coast; North West (Manchester) Unlucky for Some?; South (Southampton) The Entertainers; South West (Plymouth) Sieur de Brecqhou; West (Bristol) Journey Back.

BBC 2

11.00 am Play School.
†5.40 Flash Gordon Conquers The Universe.
6.00 Tex Avery Cartoon.
6.10 Monkey.
6.55 Delia Smith's Cookery Course.
7.20 Mid-Evening News.
7.30 In the Country.
8.00 Call Me Flicka (portrait of opera star Frederica von Stade).
9.00 Pot Black 80.
9.25 International pro-celebrity Golf.
10.15 Sacha, starring Sacha Distel.
10.55 Late News.
11.10 Hollywood and Vine.
11.20 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 11.55 Cartoon Time. 12.00 Song Book. 12.10 pm Once Upon a Time. *12.30 Simply Sewing.* 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After noon Plus. 2.45 Friday Matinee: "Her Jungle Love," starring Dorothy Lamour and Ray Milland. 4.15 The Flockton Flyer. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 The Muppet Show.
7.30 The Shah Speaks.
8.30 A Sharp Intake of Breath.
9.00 Best Sellers ("Flesh and Blood").
10.00 News.
10.30 Best Sellers ("Flesh and Blood," continued).
11.15 The London Programme.
12.00 George Hamilton IV.
12.30 am Close: Rosalie Crutchley reads a choice of poetry.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 General Hospital. 5.15 Happy Days. 6.00 About Anglia. 11.15 *Musical Special.* 12.15 am A Big Country. 12.45 Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 2.45 Fantasy Island. 3.45 Money-Go-Round. 5.15 Happy Days. 6.00 ATV Today. 11.15 Soap. 11.45 ATV Newsdesk. 11.50 Caterina Valente in Concert.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 General Hospital. 5.15 Bailey's Bird. 6.00 Lookaround Friday. 6.30 Mr and Mrs. 11.15 Wintersport. 11.45 Police Surgeon. 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On, Where and Weather. 2.45 The Friday Matinee: "The Gun And The Pulpit." 6.00 Report at Six. 6.35 In Search Of . . . Deadly Ants. 10.28 Channel Late News. 11.15 Paul Anka—Music My Way. 12.10 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm North News Headlines. 2.45 Friday Matinee: "The Fast Lady," starring James Robertson Justice, Stanley Baxter and Julie Christie. 6.00 North Tonight and Area Weather Forecast. 6.35 Sportscall. 11.15 Reflections. 11.20 Sportscall Special. 12.10 am North Late Night Headlines and Road and Ski Report.

GRANADA

11.50 am Stamp Stones. 1.20 pm *Granada Reports. 2.00 Live From Two.* 2.50 Movie Premiere: "The Specialists." 5.15 Mr and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 11.20 Soap. 11.50 House Of Horrors: Christopher Lee in "Dracula Has Risen from the Grave."

HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "High Risk." 5.15 Mr and Mrs. 6.00 Report West. 6.30 The Muppet Show. 7.00 Emmerdale Farm. 11.15 Report Extra. 11.45 Michel *Legrand and Friends.*

HTV Cymru/Wales—As HTV General Service except: 10.31-10.46 am About Wales. 10.48-11.08 Am Gymru. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 I Fyny Mae'r Nod. 6.00 Y Dydd. 6.15-6.30 Report Wales. 11.15-11.45 The Electric Theatre Show.

SCOTTISH

1.25 pm News Headlines and Road and Weather. 2.45 Young Ramsay. 3.45 *Money-Go-Round.* 5.15 Mr and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 11.15 Ways and Means. 11.50 Sounds of Summer—Marian Montgomery. 12.15 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 General Hospital. 5.15 Mr and Mrs. 6.00 Scene South East (South East area only). 6.30 Out of Town. 11.15 Southern News Extra. 11.20 Soap. 11.50 Celebrity Concert (Burt *Bacharach).*

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "Joe Storm," starring Richard Attenborough and Hermione Baddeley. 5.15 Laverne and Shirley. 6.00 Northern Life. 6.25 Sportstime. 11.15 North East News Headlines. 11.17 Fireside Theatre. 12.15 am North East News Headlines. 12.20 *Barnaby Miller.* 12.50 *Epilogue.*

ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "Green Grow The Rushes," starring Richard Burton, Roger Livesey and Honor Blackman. 4.13 Ulster News Headlines. 5.15 Mr and Mrs. 6.00 Good Evening Ulster. 10.28 Ulster Weather. 11.15 Sportscast. 11.45 Witness. 11.50 Happy Days. 12.15 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "The Gun And The Pulpit." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 6.30 The Weekend Show. 6.50 Just The Job. 10.28 Westward Late News. 11.15 Paul Anka—Music My Way. 12.10 am Faith for Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday *Film Matinee: "Kill Me Tomorrow."* 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 11.15 Paul Anka—Music My Way. 12.15 am The Odd Couple.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Cricket. Australia v West Indies (report). 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.03, 9.03, 10.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.04 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 Ray Moore (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 The Grumbleweeds (S). 7.30 Fiesta De Donta (S). 8.02 Alan Tew conducts the BBC Radio Orchestra. 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Sequence Time at the Radio 2 Ballroom. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer Gluck (S). 10.00 Prague String Quartet, part 1 (S). 10.45 In Short (talk). 10.55 Prague String Quartet, part 2 (S). 11.30 Young Artists Recital (S). 12.20 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Midday Concert, part 2 (S). 2.05 The Arts Worldwide. 2.25 The Music of Croatia (S). 3.25 London Studio Strings (S). 3.55 Comparing Notes (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.10 One Pair of Ears. 7.25 Play It Again (S). 7.30 Chicago Symphony Orchestra, part 1: Ives (S). 8.05 A Glorious Wine. 8.25 Chicago SO, part 2: Shostakovich, Suppe (S). 9.00 Saints and Sanity (talk by Professor Stewart Sutherland). 9.30 Andras Schiff, piano recital (S). 10.25 Tippett on his Operas (discussion). 10.45 Music from India (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Nine of Swords. 11.00 News. 11.05 Disturbing the Universe (interview with Professor Freeman Dyson). 11.50 Bird of the Week. 12.00 News. 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Birmingham. 3.00 News. 3.02 "The Devils," play by John Whiting (S). 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 The Extra Ordinary Level. 8.40-5.00 am Join Radio 2.

London Broadcasting

6.00 AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Anna Ford's Tod Sloan—"How to Make Your Own Message" (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Smith's Late Show (S). 2.00 am John Sach's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,177

ACROSS

1 Masses of modern music with upper-class tie up (8)
5 Agree to swindle scoundrel (6)
9 Ought to spare the German shrub (8)
10 Way a lot of papers run (6)
11 Georgia like this railway acquires fuel (8)
12 Inclination by paper boss to be put on roll (6)
14 Dickensian version of Cold Comfort Farm (5, 5)
18 Standard Shakespearean fool (10)
22 Bind church with thousand and ten ingredients (6)
23 Harsh step taken by National Trust (8)
24 Parent acting part for early release (6)
25 Month spout becomes ornament (8)
26 These people take in alternative speculation (6)
27 Stone that could make them stay (8)

DOWN

1 Stars used to prepare Harrow (6)
2 Sound arguments in court give pleasure (6)
3 Wanting company left on cathedral (6)
4 Mops up recent freedom from blame (5, 5)
6 Striking (just) without any qualification (8)
7 Old joke often gets a roasting (8)
8 Made good regiment of engineers depart before daughter (8)
13 Most important master disturbing the prevailing trend (4, 6)
15 Keep supply of drug in cooking utensil (8)
16 Member of editorial staff joins combine to sink (8)
17 Thriller writer in store for sailors (8)
19 Whether to upset solicitor or equip . . . (3, 3)
20 . . . member taking current youth leader a willing gift (6)
21 Watching England and Australia swear (6)

Solution to Puzzle No. 4,176

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. [illegible] ENGLISH NATIONAL OPERA. [illegible]

COVENT GARDEN. [illegible]

ROYAL FESTIVAL HALL. [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

ADELPHI. [illegible] ALBERY. [illegible] ALDWYCH. [illegible] AMBASSADORS. [illegible] APOLLO. [illegible] ARTS THEATRE. [illegible] ASTORIA. [illegible] BOULEVARD. [illegible] CAMBRIDGE. [illegible] COMEDY. [illegible]

CRITERION. 930 3216. CC bookings 379 6565. Group sales 379 6061. Evs. 8.00. Sat. 5.30 and 8.30. Thur. mat. 3.00. HALF PRICE PERFS Mon. eve. Thur. Mat. NEIL SIMON'S LAST OF THE RED HOT LOVERS. Lee Montague, Georgina Hale, Bridget Turner and Susan Engel.

DRURY LANE. CC. S. 01-836 8108. Evgs. 8.00. Mats. Wed. 3.00. Sat. 5.30 & 8.30. CAROL CHANNING in HELLO DOLLY! Seats £2-£8. GROUP BOOKINGS 01-734 2293. Special prices students & OAPs (Wed. Mat. all seats £2.50 OAPs & Students). TRANSFERS TO SHAFTESBURY FEB 2nd.

DUCHESS. 01-836 8243. Mon. to Thurs. Evgs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA!

FORTUNE THEATRE. S. CC. 01-836 2238. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. KENNETH WILLIAMS in THE UNDERTAKING.

GARRICK. CC. 01-836 4601. Evs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Half-price previews from Evgs 8. First Night Wed. at 7.00. Subs. Evgs. 8.00. Sat. 5.00 & 8.15. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in Peter Nichols' new play BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. CC. 858 7755. Evenings 8.00. Mat. Sat. 2.30. SHE STOOPS TO CONQUER by Oliver Goldsmith. Children half price all perfs. From Jan. 23 LIBERTY HALL. A new play by Michael Frayn.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. Gerald Harper, Kate O'Mara in the Sherlock Holmes Mystery THE CRUCIFER OF BLOOD by Paul Giovanni.

KINGS HEAD. 226 1916. Dnr. 7. Show 8. Estelle Kohler in SHAKESPEARE LADY. 1.15 pm NIGHT DUTY.

LYRIC HAMMERSMITH. 01-741 2311. Mon to Sat. 7.30. Mats. Thurs. and Sat. 2.30. Sandy Wilson's ALADDIN.

LYRIC STUDIO. Tues. to Sun. 8.00. Sats. 5.30 and 8.30. CITY DELIGHTS. A new Lyric revue.

LYRIC THEATRE. CC. 01-437 3686. Grp. Sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS, PAUL EDDINGTON in MIDDLE AGE SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

MAYFAIR. 629 3036. Last 2 perfs—Ton't & Tomor at 8. ALBERTO Y LOS TRIOS PARANOIAS in NEVER MIND THE BULLOCKS. A light-hearted look at the Black Death.

NATIONAL THEATRE. [illegible] OLD VIC. [illegible] PALACE. [illegible] PALLADIUM. [illegible] PHOENIX. [illegible] PICCADILLY. [illegible] PRINCE EDWARD. [illegible] PRINCE OF WALES. [illegible] QUEEN'S. [illegible] RAYMOND REVUEBAR. [illegible] ROYAL COURT. [illegible] ST. GEORGE'S. [illegible] ST. MARTIN'S. [illegible] SAVOY. [illegible] SHAFTESBURY. [illegible] STRAND. [illegible] STRATFORD-UPON-AVON. [illegible] TALK OF THE TOWN. [illegible] VAUDEVILLE. [illegible] VICTORIA PALACE. [illegible] WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Company. Ton't 7.30 MUCH ADO ABOUT NOTHING (sold out).

WEMBLEY ARENA. 01-902 1234. Returns now prodn. of the lavish HOLIDAY ON ICE. Tues. to Fri. 7.45. Mat. Weds. 3.00. Sats. 2, 5 and 8. Suns. 3 and 6.30 (No perfs. Mons.). Children and Senior Cits. half price. Pay at doors. Ample parking.

WESTMINSTER. CC. S. 834 0283. Wkdys. 2.30 and 8.00. Sat. 7.30 and 5.30. The Musical Theatre Company in JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT by Tim Rice and Andrew Lloyd-Webber. Starring Paul Jones. LAST WEEK. SEASON ENDS JAN. 19th. Group Sales 01-379 6061.

WHITEHALL. CC. 01-930 6692-7765. Mon. to Thurs. 8.00. Fri. and Sat. 6.15 and 8.30. Tiffi TOMBI. FIFTH GREAT YEAR. Reduced rate group bookings. 734 2293.

WINDMILL. [illegible] WYNDHAM'S. [illegible] YOUNG VIC. [illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible] LUMLEY CAZALET, 24, Davies St, W1. 499 5058. 20th CENTURY ORIGINAL PRINTS—Matisse, Miro, Picasso, Chagall, etc.

MARLBOROUGH, 6, Albemarle Street, W1. GRAHAM SUTHERLAND. New aquatints illustrating Guillaume Apollinaire's Bestiary with related watercolours. 21 Nov.-18 Jan. Mon.-Fri. 10-5.30. Sat. 10-12.30.

REDFERN GALLERY. EDICIONES POLIGRAFA-BARCELONA. Major works by living artists. December-January. 20 Cork Street, London, W1. Mon.-Fri. 10-5.30. Sat. 10-12.30.

SANDFORD GALLERY, Covent Garden. 7, Mercer Street, Long Acre, WC2. Mon.-Sat. 11-6. Fantasies, nudes, colour cars, abstract and landscape etchings until 22 Jan.

THE ARTS

Cinema

Future unlimited

by NIGEL ANDREWS

The Swissmakers (A) Paris Pullman and Phoenix
Night Games (X) Prince Charles
National Film Theatre: Season of new Bulgarian cinema

"I have this terrible vision of just one film being made a year, which will cost £500m and which everybody will have to go and see. I can see it now descending from the air into everybody's living-rooms . . ."

The words are Bernardo Bertolucci's, spoken in an interview in the latest issue of the movie trade magazine, Screen International.

The beginning of a new decade is the right occasion for a stab at prophecy, and since Signor Bertolucci has seized his crystal ball with characteristic vigour I shall take his words as a text and do some future-gazing of my own. The recent history of the cinema has shown few clearly visible landmark-trends rising above the general confusion, but one eminently and increasingly visible such—confirming Signor B's words—is the "event-movie."

The "event-movie" is the one mega-publicised film of the year which *everyone* who countenances going to the cinema at all will go and see. It's the film that's deemed worth calling the babysitter for, worth splashing out on taxis for, worth eating dinner at indigestible hours for, worth negotiating rain, ice, cold or fog for. It's *Murder on the Orient Express* or *Star Wars* or *Close Encounters of the Third Kind* or *The Deer Hunter* or *Apocalypse Now*.

The "event movie" generally costs a large amount of money, cashes in on or (more rarely) inaugurates popular cinematic trends, and is often the one and only film of the year that low-intake filmgoers want to consult a film critic about if he wanders into their range of interrogation. It's the kind of movie Bertolucci is talking about when he ventilates the spine-chilling notion of one multi-million-dollar blockbuster being made each year. Such films are the tip of the movie industry's iceberg, gleaming white and snagging all passing shipping, and giving little clue as to the enormous bulk of submerged celluloid issued yearly by the film business.

But I think there are one or two advantageous sides to the event-movie that Bertolucci doesn't acknowledge and that augur hopefully for the 1980s. However much one may weep for the worthy films obscured every year by the juggernaut publicity shadow of these block-busting productions, the great advantage of them is that they are bait to catch the more cinema-shy citizens.

If people normally reluctant to cross a quiet street to visit a movie-house can be coaxed into the cinema by the razzmatazz and publicity fanfares of, say, *Apocalypse Now*, perhaps they'll develop — or recover, if they once had it and lost it—a taste for seeing more movies more often. (And not just on television). Perhaps instead of one must-be-seen movie a year, there will start to be two, then three, then four . . . .

To the non-cinephile, it perhaps suggests an alarming image of exotic single-mindedness, this vision of the industry unreeling blockbuster-baited line-and-hook into the potential filmgoer's sitting-room and dangling some hopefully irresistible lure in front of the competitively seductive TV screen. However alarming, though, the odd fact is that in fits and starts, in crests and troughs, the method seems to be working. Cinema attendances have crept up over the last year or two, and in Britain box-office takings for each of the first two weeks of January have topped any single week in 1979. Again it's the event-movie — *Apocalypse Now, The Black Hole, Star Trek* — that has done most of the spade-work, but the cinemagoing goodwill thus generated has also spread to films like *Breaking Away* and *Manhattan* and *La Luna*.

The blue-print moral for the 1980s is that the market for cinephilia is elastic and potentially unlimited; and that far from castigating one successful section of it for cornering all the trade, one should applaud that section for propogating business and generating enthusiasm that will spread to other areas. British culture and British thinking are riddled with protectionism, as if there's only so much bread and so many circuses to go around and you should mind how you slice the portions: or only so many customers and you should mind how you distribute them around the turnstiles.

But one has only to look at the boom in movie interest detonated over the last few years, or even months, to recognise that the theory rings hollow. There are not just larger attendances at the box-office, there are extremural ripples like the Hollywood Art exhibition at the V and A, the multi-part Hollywood series on TV, and as busy a market as ever in recent times for new film books and magazines.

One no longer has to cater to film-lovers with a starvation diet, in the belief that it's all their shrunken stomachs can absorb. Let us hope to see more blockbusters in the 1980s, more independent cinemas showing good independent films, more movies with an uncertain future given quick hospitality on TV (as in the current Movie Showcase season), and let us see an end to the doomwatchers, many of whom predicted that the cinema would be on its death-bed by the close of the 1970s and who are no doubt storing up further undeterred pessimism for the 1980s. Let the future confound them.

Meanwhile, the new releases. The flag of Switzerland is clearly woven from red tape, if movies about that country are to be believed. Rolf Lyssy's *The Swissmakers* is an onslaught on the authoritarian bureaucracy that apparently riddles the land of clocks and chocolate and walks tall but stealthy through the cities' streets.

This knockabout second-cousin to the late *Bread and Chocolate* is fitfully funny in its chronicling of the devious means whereby Swiss officials monitor the behaviour of aliens who have applied for Swiss naturalisation. The central duo of characters are two immigration officers, one a pompous, moustachioed past-master at finding Reds under the Bed (or Drug-addicts under the Divan, or Gays under the Garderobe), the other his amiable, more sceptical assistant. Between them they comb the harmless lives of such passport-seekers as an Italian worker, a German doctor and a Yugoslavian ballerina, and much fun is had by all as their bloodhound curiosity often rebounds on them, planting egg on the face and encarnadining their cheeks with the shame of misplaced supsicions.

But it's basically a one-joke film, and though spirited for an hour or so the tone is too evenly bland at last to ring sufficient variations on that solitary conceit. Hybridising the propagandist satire of Alain Tanner with the jolly japes of some imaginary *Carry On Carabinieri*, Lyssy has clearly tried to woo all markets. Report has it that he made a fair killing with the popular one—*The Swissmakers* has done shining business at the Swiss box office—but shorn of real pungency, malice or resonance, the film doesn't seem to me to have the staying-power to wait around for lasting evaluation.

*

Have you ever dreamed that you were being ravished by a giant red parrokeet? If the idea appeals to you, then Roger Vadim's latest piece of cinematic lingerie has arrived to drape itself around your mental erotic zones, titillating the parts that other movies do not reach. If not, on the other hand, then *Night Games* is more likely to cure you of insomnia. Cindy Pickett, ingenue extraordinaire, plays a California housewife whose frigidity problem is cured —in her husband's absence—by an evanescent prowler who dons bird-of-paradise feathers to woo and ravish her. It's all very elaborate, very feathery, and very soporific.

*

Better, to my mind, to betake yourself to the National Film Theatre for the last days of the estimable season of new Bulgarian cinema. The season has already sprung one virulent surprise — Eduard Zahariev's *Manly Times*—and you should be ready-and-waiting in case more revelations are vouchsafed. Still to come: two highly-thought-of films by Georgi Dyulgerov, *Swap* and *Advantage*, and Christo Christov's *The Barrier*, which stars the Soviet cinema's blond and renowned Hamlet of yesteryear, Innokenti Smoktunovsky.

Cindy Pickett in "Night Games"

Beatrice Kessler and Emil Steinberger in "The Swissmakers"

Purcell Room

The Songmakers' Almanac

The latest of the Songmakers' "thematic" recitals, was entitled "1888—Portrait of a Year." The theme lent itself to a wide manner of musical usages, and the result proved quite as miscellaneously compendious as one has come to expect from these artfully gathered posies of song and spoken word. But on Wednesday night, at least, there was a hard core of musical substance to the occasion, made possible by a single but crucially important fact of musical history: 1888 was, above all, Hugo Wolf's *annus mirabilis* of composition.

It was a memorable year. Ninety-two songs and ballads poured out of him, among them the complete set of *Mörikelieder*, and some of the richest of the Eichendorff and Goethe songs. Pianist and deviser Graham Johnson had grouped decent amounts of these alongside songs by other 1888 composers closely or loosely related in subject and style. If the recital gave no very substantial picture of Fauré, Debussy (whose *Ariettes oubliées* also date from that year), or Hahn, the reminder of Wolf's uncanny sensitivity to good or great poetry, his genius for clothing it in lines (both vocal and pianistic) of a sometimes painfully tender lyricism, and what Frank Walker called his "restlessly raging mind," was usefully made, and greatly welcome.

Clearly, anyone who admits himself uncertain of the value of the spoken interludes in the Songmakers' recitals must also place himself in a very slim minority; for their Purcell Room audiences are always large, enthusiastic, and much amused. The effect, I felt, was far too often of a superior schoolroom pageant without costume—snippets of history, social *modes et moeurs*, biography, related factual chitchat cheerfully but not always pointfully delivered. This wouldn't matter so much if the consequence was not the sacrifice of actual performance. When the four singers of the evening, Jill Gomez, Sarah Walker, Robert White, and Richard Jackson, all showed that they have something individual of value to bring to Wolf, and when as always Mr. Johnson played his piano parts with such deep eloquence and sympathy, I found it difficult to forgive the amount of time spent on readings from magazine advertisements of the day: the air in the hall went thick with a very English kind of whimsy.

Still, there was a plentiful supply of accomplished singing. Every one of Sarah Walker's contributions was memorable: Miss Walker has the quick intelligence for Wolf, the glowing, steady line, the interior animation. Her "Nimmersatte Liebe" and "Anakreons Grab", two songs famously difficult to unfold and sustain, marked the high point of the evening: Fauré's "Au cimetière" was noble, and a Chaikovsky *mélodie* lilted (though its last lines got muddled, and the word "Mai" was most peculiarly mispronounced). Miss Gomez, generally less easy in slow music (her Debussy "C'est l'extase" suffered particularly from an uncertainly supported line) than in fast, sparkled in "Er ist's." That cultivated young baritone Richard Jackson frequently gives the impression of doing brilliant impersonations of Lieder and *mélodiè* singing, seldom the simpler matter of the real thing. Some strange Dr. Coppelius grins and grimaces during Hahn's suave "Rèverie" were hard to comprehend.

One of the most valuable aspects of Mr. Johnson's delvings is the number of obscure songs by forgotten composers whose revival he and the singers then proceed to justify by taking with all due seriousness. Robert White, the American tenor (I heard him, not very happily, in the Wexford *Two Widows* a couple of seasons ago), was here revealed as a recitalist of considerable skill, poising such numbers as J. L. Molloy's "Our Last Waltz" and Ethelbert Nevin's "Oh! that we were Maying" on a cliff's edge of parody without ever letting them tumble over. In an aria from Godard's *Jocelyn* that Edmond Clément has imprinted on the memory of everyone who ever heard the record, Mr. White also revealed a tasteful, careful use of a voice not naturally resonant or colourful. And the sound of four such elegant utterers of the English language in "I have a song to sing, O!" from *The Yeomen of The Guard* demonstrated just why Gilbert and Sullivan deserve a more distinguished kind of artistry than is usually lavished upon them.

MAX LOPPERT

Newcomers to Sadler's Wells in 1980

The old and the new together make up the programme for Sadler's Wells in 1980. Among the companies making their first appearance in the theatre are the Irish Ballet and The Chieftains in March as part of the "Sense of Ireland" Festival; the Royal Ballet of Flanders in May; Darpana, the Indian dance company, in June; the Leipzig Opera in the same month, and the Northern Ballet Theatre in the autumn.

The regulars reappearing include the Sadler's Wells Royal Ballet in February/March and December; Ballet Rambert in March; Scottish Opera, with *The Bartered Bride* and *Mary Queen of Scots* in April; D'Oyly Carte in the summer: Marcel Marceau; and Handel Opera with *Ezio* and *Esther* in November.

Sadler's Wells is now heavily dependent on business sponsors for its survival

Among the sponsors this year are Nationwide Building Society assisting the D'Oyly Carte; Sainsbury with the Royal Ballet; GLC with Scottish Opera; Conoco with Kent Opera; Thomas Cook with Marcel Marceau, and Brooke Bond Liebig with the Handel Opera.

St. John's, Smith Square

Rawsthorne, Goehr, Britten

by ANDREW CLEMENTS

The prospectus for the BBC's winter season at Smith Square is illustrated by a comfortingly bucolic sketch of rolling hills, a gently wandering stream and a contented sheep. Presumably they are all intended to lend a pastoral feel to the series, to define 20th-century British music once again by the parochial vision of a few of its more familiar names. But if these concerts under the title "Sacred and Profane" have established anything, it is the range and European-ness of certain of the composers represented (not all, for pastoralism has not been entirely ignored), many of them from earlier generations than we normally regard as outward looking.

Wednesday night's programme, given by the BBC Symphony Orchestra conducted by John Pritchard, brought together three works written within five years of one another, carefully chosen to suggest a common theme of expression—that of remembrance and reflection—but only elliptically revealing common origins. Alan Rawsthorne's *Elegiac Rhapsody* was by a long way the least familiar; a short string threnody, owing something to Bartok, episodic and not entirely effective in rationing its thematic material.

Alexander Goehr's *Little Symphony* provided substantially more meat and at the same time a bewildering variety of reference. It remains one of the landmarks in Goehr's early development, a memorial to his father worked out on a symphonic scale if not by strictly symphonic processes. Stravinsky looms largest in the background. The seed of the work is a triad containing both major and minor thirds, the orchestration bold splashes of colour, given edge and point by prominent woodwind. The *Symphony* demands a generous acoustic, more generous even than that of St. John's; balance was sometimes awry—clarinets in particular seem to be accentuated there—strands were sometimes distinct when sense suggested a more generalised sound. Goehr's debt to the Viennese school is curiously absent through most of the work, save for a short quotation from *Verklärte Nacht* in the last movement.

Britten's *Nocturne* completed the evening. Ryland Davies was the soloist, too monochrome for much of a cycle which manages to encompass so many moods while remaining essentially concerned with sleep and dreams, but always accurate and articulate. The concert represented John Pritchard's debut as one of the BBCSO's chief guest conductors. Generally well played (attention to rhythmic niceties could have been more close, and balance was always a problem), it augured well for the partnership.

Naomi Sorkin

Dance Umbrella '80

Following the success of Dance Umbrella '78 fourteen months ago*Dance Umbrella* '80 breaks out on Monday, mainly in London, but also in the provinces. It will offer the opportunity of catching up with the latest developments in contemporary dance in North America, as well as displaying new works by young British dancers and choreographers.

Dancers from the U.S., Canada, Germany and Holland, mostly trained or influenced by Martha Graham and Merce Cunningham, will be performing at the Riverside Studios, the ICA, The Place, Shaw Theatre, and, for the first time, the Whitechapel Art Gallery in London, as well as the Arnolfini in Bristol, the Sherman in Cardiff and the Plymouth Arts Centre.

In all, there will be more than 70 performances spread over five weeks, as well as workshops, master classes, films and seminars. Perhaps the highlights are solo programmes by Naomi Sorkin; performances by Elisa Monte dancing with David Brown and including the British Premiere of Treading; and the Danny Grossman Dance Company of Canada.

Of special home grown interest will be a programme of new works by young choreographers who are in the Royal Ballet Company, at the Riverside on February 6 and 7. The aim of Dance '80 which is modelled on a similar festival in New York, is to provide a showcase for the spectrum of contemporary dance, from the clasically based to the avante garde. The venture has been arranged thanks to cash provided by the GLC, the Arts Council, GLAA and Marks and Spencer.

A.T.

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An abuse of targets

THE HOUSE of Commons did itself little credit in the debate on energy prices on Wednesday. The Minister, Mr. David Howell, announced that he had imposed financial targets on the gas and electricity industries which would compel them to raise their prices faster than the general rate of inflation. This he said, was to be done in the name of energy conservation. He was attacked on the Labour side for raising the cost of living, and by the inimitable Mr. Enoch Powell on the grounds that energy conservation is itself illogical. He defended himself on the ground that demand for gas at current prices would overload the system and lead to supply interruptions.

Two aims

The whole discussion, in short, was a neck-and-neck race between half-truth and irrelevance. The plain fact is that the Government has not one but two objectives in raising energy costs: to encourage economy and to reduce the public sector borrowing requirement. The unspoken additional truth is that tinkering with the financial management of State industries is a wrong-headed and damaging way to pursue either of these objectives.

It should hardly be necessary, at a time when the whole Western alliance is rendered largely impotent because of its dependence on unreliable sources of imported energy, to preach the need for economy. The issue is not one of conservation for our grandchildren, but of self-reliance as soon as possible. In this cause it is clearly right to use the price mechanism to encourage economy, and this means raising the relative price of energy.

Energetic

The fact that it is the relative price trend rather than the "absolute" price level which matters is clear from U.S. experience. In the U.S. energy prices are still much lower than in Europe—a cause of bitterness in oil-using industries. However, the rise in U.S. oil prices relative to other prices has been much steeper than in Europe—indeed, in the UK the "real" price of petrol only recently rose above its pre-OPEC level of 1973. The result is that despite lower prices, there has been a more energetic search for economies in the U.S than there has here, as witness the chaos in the U.S. motor industry.

The Minister's price strategy is therefore basically right. However, in energy terms it is not logical to reduce the relative attractions of gas over electricity. In terms of thermal efficiency — useful energy against total energy consumed —gas is about three times as efficient as electricity in domestic use. The cheapness of gas is simply an opportunity to raise money.

If energy policy were the only consideration, there would be no need to raise the cost of living in general. The logical way to influence demand would be to tax energy and use the revenue to reduce other taxes and charges, redoubling the effect on relative prices. The impact on real incomes, in fact, has nothing to do with energy strategy, but is simply part of the general drive to reduce public borrowing. This is highly necessary, but much better achieved through economies within the public sector than through economies enforced on householders.

However, a mild degree of deception here, disguising an unpalatable tax increase as conservationist virtue, could be shrugged off as the normal currency of politics were it not for the means chosen: for we are not faced with a tax, but with an arbitrary change in nationalised industry financial targets.

Inconsistent

This adds a further chapter of confusion to what is already a sad story of mismanagement. We have recently complained of the chaotic state of nationalised industry financial disciplines, in which targets are set at various levels and in inconsistent and sometimes wildly ambiguous terms, and of the further damage which will result from adopting rules of inflation accounting which are inconsistent with those proposed for the private sector. Now it seems that in addition to misleading accounts, concealed cross-subsidies (mainly to conceal the excessive cost of UK-mined coal) and weird capital structures, the nationalised industries are to be used as disguised tax-gatherers.

This is a gross abuse of rules which were originally designed to assist the rational allocation of capital, and to make subsidies and charges explicit. It is particularly hard to forgive in a Government which preaches realism and market discipline. The need for a further review of State industry financial disciplines *is becoming urgent.*

The pressures on New Zealand

NEW ZEALAND Prime Minister Robert Muldoon's annual State of the Nation address this week will disappoint that growing proportion of New *Zealanders who are alarmed by* the country's rapid and unchecked economic decline.

Speaking in Orewa, north of Auckland, Mr. Muldoon passed over internal causes of the country's deepening problems, and chose to blame OPEC and a world economic recession instead. As oil prices have soared, Mr. Muldoon described the Western industrialised world as sitting on the side of a volcano "calmly munching Kentucky Fried Chicken and washing it down with Coca-Cola"—a folksy allusion which hardly contributes to anyone's better understanding of the economic problems faced by New Zealand or any other country.

Economic dirt

There are several reasons for disappointment over Mr. Muldoon's message. First of all, the State of the Nation Speech is an invention of Mr. Muldoon himself, to be used as a platform to describe the state of the domestic economy and to present the Government's prescriptions for the future. Many believe that the Prime Minister, in ignoring domestic economic problems, was deliberately trying to brush the economic dirt under the carpet.

The economy is in dire straits, per capita incomes have fallen in real terms by more than 11 per cent in the past six years, the worst performance by any OECD country, and they are expected to fall yet again in the year ahead. New Zealand's terms of trade have deteriorated steadily, in large part because of entrenched protectionism in the West against New Zealand's main exports (lamb, wool and dairy products still account for *two-thirds of all exports*). Terms of trade have worsened by more than 40 per cent since 1973.

Lost workers

Unemployment has risen to 6.25 per cent despite heavy net migration, most of it to Australia. The exodus has caused concern particularly in manufacturing industry, where employers complain that some of their best and most highly skilled workers are leaving. These problems are seen by critics as a direct result of economic mismanagement on the *part of Mr. Muldoon's Government.*

The Prime Minister is trying to shift blame for economic problems on to external factors. It is true that rising oil prices are *a serious inflationary* headache for Wellington's economic planners, but New Zealand's problems are less severe than those faced by many countries. All domestic and most industrial *energy needs are satisfied* by hydro-electric power. There are small reserves of coal and gas which as yet have only been partially exploited.

By December, inflation had risen to *16.5* per cent, but only a small part of this can be blamed on oil price increases. High inflation can be directly attributed to Government policies—mainly the shift from *direct to indirect* taxation.

The Government has staked its political future on diversification, particularly where the country's energy resources can be exploited, and on export-led *growth. Successive governments* have managed to break the attachment to traditional trading relationships — particularly with Britain — to build a new role for New *Zealand as part of the Pacific* community. But they have not at the same time succeeded in breaking away from traditional industries.

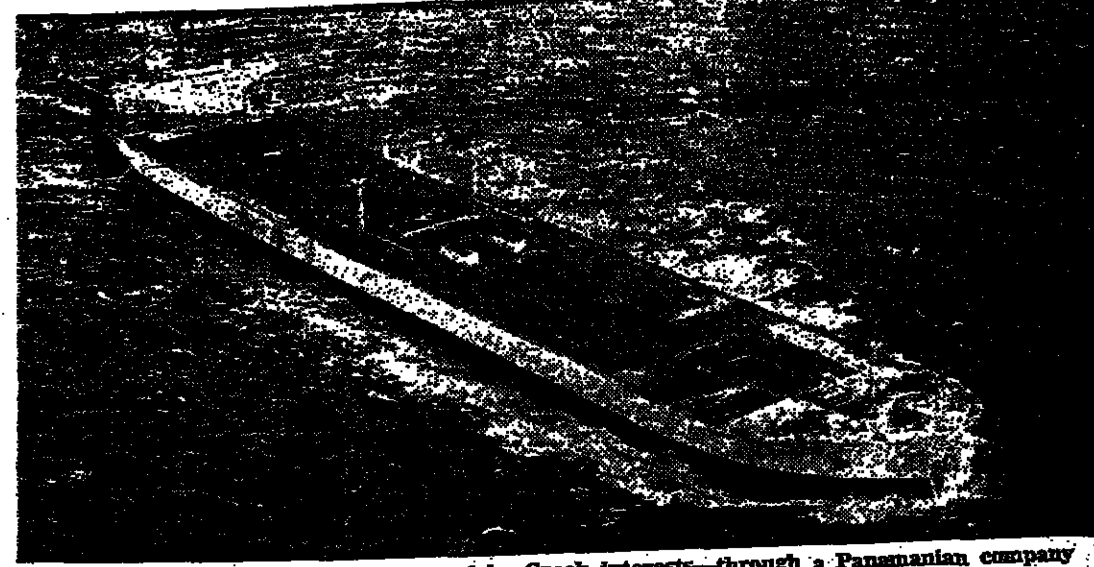
Mr. Muldoon predicted in Orewa that in spite of the world depression induced by oil price increases New Zealand will come through the 1980s without excessive pain.

Criticism

Mr. Muldoon's National Party need not face the electorate until November 1981. Even so, criticism of his government's policies is beginning to mount, *and there have been calls for* Mr. Muldoon's resignation. The recent by-election in Christchurch Central shows a disastrous erosion of support for his party, and the labour movement has become much more restive. Mr. Muldoon must devise a more positive assault on the country's economic problems if the mood is to change for the better.

UNCTAD's plan to transform world shipping

BY WILLIAM HALL, Shipping Correspondent



The Olympic Brilliance, a tanker owned by Greek interests—through a Panamanian company—which is on the Liberian register.

THE UNCTAD working group charged with considering the phasing out of flags of convenience on the high seas is meeting this week. *It is one of the most important* sessions since UNCTAD (United Nations Conference on Trade and Development) first started to take an interest in shipping 15 years ago.

The subject of *flags* of convenience is an important issue in its own right, and the traditional maritime nations see this week's debate as a preliminary skirmish in UNCTAD's intention to transform the world shipping industry. Of a world shipping fleet of 413m gross registered tons, the developing countries own less than 10 per cent and UNCTAD is committed to increasing their share. Mr. Adib Al-Jadir, director of UNCTAD's shipping division, which is making all the running in the current debate, has forecast that the next two decades will end both the domination of world shipping by a small group of countries and the "iniquitous practice" of flags of convenience.

Five countries—Liberia, Japan, Greece, UK and Russia —control over half the world's shipping tonnage and the world's ten leading maritime nations, which include Norway, Panama, the U.S., France and Italy, control very nearly three-quarters of the world fleet.

UNCTAD has scored one major victory by securing the adoption in 1974 of the liner code which prescribes a rigid apportionment of all regular general cargo trade—the so-called liner traffic. Under the rules a country is entitled to *demand that up to 40 per cent* of those of its exports that go by liner must now go in its own ships; up to 40 per cent may be reserved for ships of the countries importing their goods; the rest may be carried by vessels operating on the open freight markets — the so-called cross traders.

While the UNCTAD liner code was a major step forward for the developing countries, it only covers around 20 per cent of the world shipping fleet. Far and away the biggest portion of the world fleet (some 70 per cent) is tied up in transporting bulk cargoes such as oil, grain and iron ore. And this area is now receiving UNCTAD's keen attention.

The position of the developed countries is clear enough. They are happy to see the expansion of the bulk fleets of the developing countries, but they are also committed officially to the "right of the shipping of all countries to compete freely and fairly in the transport of the world's seaborne trade." The UNCTAD secretariat has proposed the replacement of the present free market mechanism in the bulk trades by a comprehensive set of rules for cargo sharing. This would lead to a major distortion of the bulk shipping market and would *greatly increase shipping costs.*

Ostensibly, this week's meeting in Geneva has been called to consider various studies of the UNCTAD secretariat on the desirability of phasing out open registry shipping operations (the technical term for flags of convenience). However, most developed countries believe that the attack on flag of convenience shipping, which *accounts for about 30 per cent* of the world fleet, is only the first stage of an all-out assault on western dominance of bulk shipping operations, generally.

For years there has been *criticism of the use of flags of* convenience. Accusations of sub-standard ships and low quality crews have been bandied around but have never been properly substantiated. For a long time the OECD had a working party studying flags of convenience. It could never come to a conclusion as to whether they were a good or bad thing.

Then UNCTAD took up the chase and the issue became much more political. In February 1978 the *ad hoc* inter-Governmental working party on the "economic consequences of *the existence or lack of a* genuine link between vessel and of registry" held its first meeting in Geneva. A resolution was adopted which said that flags of convenience fleets had adversely affected the growth of other fleets and that further work needed to be undertaken.

In February 1979, the Group *of 77, which takes in the* developing world, had a meeting in Arusha. The outcome was a call for prescriptive rights for cargo generators to participate in all trades including bulk; for studies of the economic and social consequences of phasing out flags of convenience; and for more financial help for developed countries to buy ships.

A few months later the United Nations held its fifth international conference on trade and development issues (UNCTAD V) in Manila. For *the shipping community* the main question at issue was the desire of the developing countries to become more heavily involved in bulk shipping.

In the face of fierce criticism from the UK and other western countries UNCTAD V adopted Resolution 120(V) which incorporated the essence of the developing countries' proposals *as outlined* at Arusha. In addition, the *ad hoc* working group on the phasing out of flags of convenience was reconvened. This is *the* body currently in session in Geneva.

It is very difficult to foresee the outcome of its deliberations as UNCTAD is a highly unpredictable body. The working group is purely an advisory body so cannot take decisions on its own, but it can have a big influence on subsequent decisions.

The UNCTAD secretariat is playing a key role in formulating policy rather than the individual countries themselves. UNCTAD was created by the UN to promote the interests of developing countries, and the secretariat reflects this. It is a *highly political body and in the* opinion of officials from many developed countries, its views do not always make economic sense. Whereas the secretariat of a UN body like the Inter-Governmental Maritime Consultative Organisation (IMCO) generally takes its marching orders from IMCO member governments, the UNCTAD secretariat can initiate proposals and agenda items. It can also marshal arguments to support its own particular point of view.

No one is yet sure how far the Group of 77 developing countries will go in backing the controversial ideas of the UNCTAD secretariat. The latter has prepared two main papers for the meeting. The first, and more important, is entitled The Repercussions of Phasing Out Open Registries. The second paper addresses *itself to The Legal Mechanisms* for Regulating the Operations of Open-Registry Fleets.

The main complaint of the developed countries is that these papers hardly discuss the advantages and disadvantages of phasing out flags *of convenience. Instead* they are based on the assumption that doing away with flags of convenience is a good thing and that the only question is how best to carry it out.

Over the last 20 years or so fleets of flags of convenience countries have enjoyed very rapid growth. During the past decade, for example, the tonnage of the Liberian fleet has grown at an annual *12.2* per cent on average. In the case of Panama the growth rate is 14.3 per cent. The result is that 118m gross tons, or 28.5 per cent of the world fleet now flies flags of convenience.

Many of the ships employed under the Liberian or Panamanian flags are really owned by large American or Japanese owners, for instance, multinational oil companies. The UNCTAD secretariat has never hidden its hostility towards the multinationals, and so feels no sympathy for them if they were to be embarrassed by the disappearance of flags of convenience.

By phasing out flags of convenience over a 10-year period (from 1981) the UNCTAD secretariat hopes that the developing countries will be able to expand their own fleets and fill the vacuum. This would lead to improved employment prospects, industrial diversification and give them a chance to help their external payments.

As a result of the one country —one vote structure, the 30 developed countries in Group B tend to be permanently outnumbered by the much larger Group of 77 (in fact there are 119) *developing countries.* At Manila this group voted in favour of resolution 120 (V) while the *10 socialist* countries from Eastern Europe (Group D) abstained. However, the latter are likely to support the phasing out of flags of convenience, even though Russia has often relied fairly heavily on Liberian ships to import its grain.

So the developed countries started in Geneva at a big disadvantage especially since it is well known that on the flag of convenience issue, at least, they cannot present a united front. The French are opposed to the device for their own political interests, and the Scandinavian *countries face strong* domestic trade union pressure to outlaw the use of these flags.

However, the developed countries, led to a large extent by the British, have a strong card up *their sleeve since* they feel that it is not too hard to prove that any move to phase out flags of convenience will harm international trade, will force up shipping costs, and will probably encourage an outbreak of protectionism.

Until now the main contributions to the debate have come on one side from the Liberians and *on the other from* the UNCTAD secretariat, which has been far from neutral. Late last year the U.S. Council of the International Chamber of Commerce commissioned a report from the Economist Intelligence Unit, Open Registry Shipping—Some Economic Considerations, to go deeper into the matter.

The EIU argued that in spite of some of the initial studies by UNCTAD the real questions in the debate had not yet been thoroughly analysed. It set itself the task of raising some of the issues that had so far been obscured by the *polemics* of both sides. It did not come out with any really firm conclusions, but did make a number of points that the developing countries would be wise to consider before they vote on the UNCTAD proposals.

The EIU report confirms what most people already suspected—flags of convenience provide a very flexible and cheap way of transporting bulk cargoes around the world. However, the report also argues that "it is very doubtful" whether the phasing out of flags of convenience would *lead to a* major redeployment of ships to the registries of the poorer developing countries in proportion to their share in world trade. Instead ships might be concentrated under flags of quasi-convenience in the low-wage OECD countries, such as Britain and Greece.

The report said that any joint ventures between developing and developed countries would *tend* to be concentrated in the richer developing countries, such as the OPEC countries, since they could *provide the necessary financial* guarantees to support investment in ships.

The report also highlights the potential conflicts between the shipping aspirations of the developing countries and their trade interests which could well be harmed by the *disappearance of flags* of convenience and any move towards general bulk cargo sharing. Shipping rates would almost certainly rise and could make the bulk exports of some third world countries less *competitive* than those of countries like Canada, Australia, and South Africa.

For the really poor developing countries the misallocation of resources resulting from the phasing out of flags of convenience could have serious consequences. "Investment in shipping, whatever the international prestige, is less important than the fundamental issue for their economies of trying to achieve a higher rate of economic growth by increased import *substitution,*" the EIU says.

Most of the EIU's tentative conclusions on flags of convenience apply equally well to bulk shipping, generally. Delegates from the developed countries are only too well aware that while they are theoretically discussing flags of convenience, the real debate in Geneva is about who should carry the world's bulk cargoes. Should it be the people who produce the cargoes, or should it be the traditional maritime nations?

That is why the current meeting is so important. The working group has to report its conclusions to either the Trade and Development Board or the Committee on Shipping. As the Trade and Development Board meets in March it is likely to be the body which will have to study any proposals made by the current meeting.

The most extreme outcome would be for the working party to recommend a fully fledged international convention (similar to the liner code). This might then be rubber stamped by the Trade and Development Board and never get as far as UNCTAD's Committee on Shipping which, the maritime nations feel, is the proper forum for any debate on these issues.

Alternatively, the working party might opt for a simple persuasive resolution or a resolution calling for national legislation for enforcement. The advantage of the former is its speed and simplicity, but there is no guarantee that it will be implemented. Whatever happens, the traditional maritime countries of the world are not going to give in without a major battle. The passing of the UNCTAD liner code was a painful lesson for many of them. UNCTAD can make life very difficult for them unless *they are careful.*

FLAGS OF CONVENIENCE

Shipowners often choose to register their ships under flags of *convenience which* can offer them tax and crewing advantages not available under their own national flag.

These are important commercial considerations in the free market of bulk cargo trading.

DISTRIBUTION OF WORLD SHIPPING

(m. tons gross)

FLAGS OF CONVENIENCE		GROUP OF 77		DEVELOPED COUNTRIES	
Liberia	81.5	China	8.3	Japan	40.0
Panama	22.3	India	5.8	Greece	37.4
Singapore	7.9	Brazil	4.0	Britain	28.0
Cyprus	2.3	South Korea	4.0	Soviet Union	22.9
Bermuda	1.7	Kuwait	2.4	Norway	22.3
Hong Kong	1.5	Yugoslavia	2.4	U.S.	17.5
Lebanon	0.3	Argentina	2.3	France	11.9

Source: Lloyds Register of Shipping

MEN AND MATTERS

Finishing off a burnt-out case

One of the last lingering traces of Suez crisis egg on the face of British officialdom will finally be mopped up in the Government's scheme to sweep away redundant quangos. Among the bodies to go is Toplis and Harding (Middle East) Ltd., a company operated by the Foreign Office, whose sole function was to negotiate with the Egyptian Government on behalf of aggrieved Britons who had their property sequestered in the bitter times following Suez.

Toplis and Harding started as a private company and prospered for a while. Eventually, however, it fell victim to its own success. The number of customers shrank and business tailed off. There were still a few of the dispossessed around in the late 1950s and early 1960s, but not enough to make T and H a going concern. To protect this dwindling band the Foreign Office decided to step in and take over before its entrepreneurial operators put up the shutters.

Now, 24 years on from Suez, Whitehall has decided that there is little point in keeping going any longer: it feels any remaining problems can be dealt with by consular officials and that the budget will benefit from being relieved of the cost of running the company. Last year, I am told, the bill was £1,400.

Black humour

Since I reported on the combined value of the population of Birmingham in terms of gold content—just over half a kilo excluding fillings—a reader from Dudley has enlightened me about one or two beliefs widely *held by natives of the* Black Country. "There is," writes Bryan Harriss, "no such animal as a refined Brummie." The only good thing to come out of Birmingham, he tells me, is the A4123 to Dudley.

"You know the rules, Smith —no secondary pickets."

Matter of taste

Things may look a little bleack on the industrial front, but in some areas Britain still rules the waves, for instance in the area of waves of pourable emulsion tasting strongly of onions. A new onion emulsion is, according to its originators, Bush Boake Allen, "a worldwide breakthrough in onion flavour development."

Henry Heath, the companie's spice co-ordinator, tells me he sees great possibilities for the stuff in German sausages. Apparently the flavour of onions and its previous substitute is lost during processing. Not, however, with emulsion, which has the bonus of being made *from* real onions. "Most of the chemicals which are at present in onions are perfectly well known," says Heath airily. "Luckily the onion makse them rather more cheaply than we can."

Contrary to popular mythology, it seems that only certain flavours and fragrances are worth manufacturing purely in a test tube. "Strawberries, for example," says Heath, "have practically no flavour." Thus, assembling the 200-odd components artificially is much cheaper than processing mounds of real strawberries. The resulting taste can be made identical. To his palate as well? "That," says Heath, "is not a fair question."

Golden burger

The momentum built over the past 25 years by the giant U.S. hamburger *chain McDonalds* helped propel it through a sticky patch in 1979. Its annual report shows that the 5,747 restaurants owned or franchised by the company turned over almost $5.4bn.

Apparently undeterred by high beef prices, and increasing competition which forced it to cut prices, the combine continued its expansion, oening a further 562 restaurants during the year.

Swiss miss?

The talkative Ivor Spencer, president of the Guild of Professional Toastmasters, is finding that fund-raising is not as simple as it used to be. Organiser of two major charity balls, he says: "Last year everybody was crazy about the International Year of the Child. This year a lot of people are saying they have parted with enough money."

Not one to be downcast, Spencer is sugaring the pill for his Save The Children Ball at Gleneagles—£105 a ticket—with a raffle prize of a Swiss bank account containing £1,000. He points out helpfully that buying gold bars in Switzerland attracts a tax of only 5.6 per cent, compared with the iniquitous 15 per cent VAT in Britain. "Apparently you can open a Swiss bank account in London, so I'll ask my bank manager which would be the best one," he says.

I fear that things may not be quite as simple as that, at least if the prize is to be one of those coveted, previously unmentionable numbered accounts. The Union Bank of Switzerland in London tells me anyone wishing to have a secret account will still need to trek to Switzerland to open it.

Perhaps the lucky prizewinner should instead be offered an account with one of the equally inscrutable banks in Luxembourg, where the authorities—in common with the Belgians—refrain from taxing gold transactions at all.

Sadder and wiser

A reader who modestly wishes to remain anonymous has sent in the following poetic rumination entitled The Throgmorton Lad. He—and I—apologise to the ghost of Housman.

When I was one and twenty
I heard a wise man say
Give crowns and pounds and
guineas
But not your gold away.

When I was two and twenty
I heard another say
Buy gilts, young man, in
plenty
Gold has had its day.

Now I am three and twenty
I know now which t'was true
No longer *innocente*
I'm filled with endless rue.

Toothsome

Interesting to see that the fashion for cosmetic dentistry has penetrated darkest Wales. The Probe, the uncomfortably titled dentists' monthly, contains a letter from one Welsh person *hiding* behind the pseudonym "Bernice Bernard," who is thrilled to report that rows of protruding and irregular teeth have been "transformed by crowning into rows of neat pale blue teeth and given added sparkle with simulated diamonds."

Observer

POLITICS TODAY

Some misconceptions about class

ANYONE who grew up in Britain in the 1940s and 1950s can hardly fail to have noticed the enormous social changes that have taken place over the past few decades. There has been something approaching a cultural revolution.

You can see the changes on many levels. On one level ownership of consumer goods which were once thought a luxury is now taken for granted. No sociologist would now contemplate drawing up a nationwide class structure on the basis of who owned a refrigerator or had access to an inside bath or shower. Yet that was how social scientists worked not so many years ago.

On another level there has been the decline of deference. People no longer automatically defer to those who in the past might have been held to be their superiors. The role of women and perhaps of children is fundamentally changing.

At the same time the country seems to have become a more open society. The Under Secretary at the Treasury is just as likely to have come from a grammar school as from one of the best-known public schools and probably regards such upward mobility as the norm.

There are other changes which one could note, but let us take a few random examples. One is the growth of foreign restaurants. They have developed in places where not so long ago the idea of eating Indian, Chinese or Yugoslav—indeed of going out to eat at all—would have been regarded as almost unthinkable. Another is the expansion of the universities and a third is the development of the roads programme, one of the unsung achievements of successive British governments. That, too, is an expression of mobility.

All of that may seem to add up to a pretty impressive realisation of the aims and ideals of British society after the war. Anyone who looks around, however, must have also noticed something else. There is a section of society which has simply not caught up with the progress.

One of the simplest ways of seeing that is to take a train from King's Cross station in London. The scenes of dereliction are not confined to the North. They begin in London. Look out of the window and see the back-to-back housing facing on to the railway line, the washing hanging out on a kind of balcony, the antiquated schools with the children standing in the yard even on the coldest of days, the run-down industries that must have been once successful.

Opted out

A slightly less random way of witnessing the same phenomenon of neglect is to accompany a parliamentary candidate round the doorsteps in an election campaign. In certain areas you will repeatedly come across a section of the population that has effectively opted out of the political process and which does not believe in progress, at least in so far as it is likely to do anything to improve its own lot.

Again, these people are not confined to the North. They are as likely to be found in Paddington or even in Kensington as in the poorest parts of Glasgow. They have few ambitions, few aspirations and are fundamentally suspicious of anyone who promises to try to make things better. They must make up a large part of that 25 per cent or so of the electorate which declines to take part in general elections.

Those observations are entirely unscientific, being merely the product of trying to keep open one's ears and eyes. It is not wholly surprising, however, to find them broadly confirmed by the latest sociological publications. The studies* by the Social Mobility Group at Nuffield College, Oxford are the most comprehensive we have on the subject of class-to-class movement in postwar Britain. It is true that they contain some tendentious conclusions which we shall come to later, and that there is one monstrous omission, namely the failure to look at what has happened to women. Yet man to man, as it were, we now know a great deal more than we did about what has been going on.

Many of the findings are in many ways encouraging and seem to have surprised even the authors, who admit to strong Left-wing inclinations. It is not the case, for example, that we are a caste society, at least in economic terms. Recruitment to the top or "service" class is relatively open. It is possible to rise to it from all levels.

The authors divide society into seven groupings, the top of which—Class 1—is composed of higher grade professionals, administrators and managers in large industrial establishments. So far from being self-perpetuating, about 75 per cent of that top class is made up of sons of fathers who belonged to classes below. Sons of each of the lower six classes, including those of the lowest manual worker category, constitute at least 10 per cent of the present Class 1.

Moreover, there is very little evidence that those who reach the top social stratum from the bottom feel in any way either mentally strained or socially isolated. They appear to take the rise in their stride, partly as a natural concomitant of an open society and partly as a result of their own efforts and ability. Not the least surprising element is that many of those who do reach the top from the bottom do so not through formal education, but through progress on the job.

Typical London primary school: once a great advance, now an antiquated reminder of the past

There are other findings which social reformers, whether Labour or Conservative, should find gratifying. For instance, among those most upwardly mobile there is remarkably little stress on social status or a place in the social hierarchy. It might have been different if the wives had been interviewed too, but for the men the main motivation seems to have been job satisfaction and the economic and psychological rewards directly associated with the work carried out. Rather curiously, those who rise to the top seem to be considerably more relaxed about their job and their life than those who start at the top. That would again suggest that upward mobility is taken as the norm, at least by those who achieve it.

Lower down the scale it is worth noting the responses of those who may not have risen very far, but who readily admit that their circumstances compare very favourably with those of their fathers. A bus driver said, not untypically: "The difference in life now is that there is more money, better working conditions and, if you wish, more leisure time." A compositor said that he now took for granted the things that his father regarded as luxuries, such as a motor car and holidays abroad. Particular tribute was paid to the trades unions in bringing these changes about. Again, here are signs of social change for the better in what looks like a fairly dynamic society. Even the avowedly left wing authors admit it.

There is another finding, however, which goes back to one's own gloomier observations. It is perfectly possible to rise to the top from the bottom, but the great majority of the working classes do not do so. Indeed except in so far as the general standard of living goes up, they do not rise at all. What seems to have developed is a kind of hereditary proletariat without much hope of improvement and almost outside the rest of society.

According to the authors, and one readily believes them, this class is much larger in Britain than in other industrialised countries. The bulk of the British working class, expressed as manual workers, has become almost self-perpetuating. Almost 75 per cent of those in that category in the 1970s had fathers in the same category. The corresponding figures for the U.S. and Sweden are around 50 per cent and for France somewhat less.

What conclusions then are to be drawn? The Nuffield studies place heavy emphasis on the relative failure of education policies over the years to redress the social balance, and they certainly produce some daunting statistics. Despite what the authors describe as "remarkable progress in the formal education of the population as a whole," the likelihood of a working-class boy receiving a selective education in the mid-1950s and 1960s was very little different from that of his parents' generation 30 years before. Yet the mid-1950s and 1960s were precisely the period in which we most believed that we were advancing to a meritocratic and open society.

The real lesson seems to be that as educational opportunities expanded, it was the middle classes who took most advantage. That is one of the paradoxes of social policy. A service is made free in order to help the poor, but the same policy makes the service more attractive to the rich, for example, National Health.

The conclusion drawn by the Goldthorpe study is that more fundamental change is most likely to come about through class conflict "in which those chiefly disadvantaged by the inequalities that prevail seek to compensate for their lack of power as individuals by means of collective action and are thus able to mount a successful challenge to the *status quo*." The trades unions are seen as a means to this end.

The Halsey work calls more for a continued expansion of educational resources even at a time when the school population is shrinking and places a not unexpected stress on the comprehensive programme.

It seems to me, however, that the idea of change coming about through conflict in this field is naive. Not only do the disadvantaged not have the power to enforce change; they might also find that the social divisions would increase if they tried. Equally, experience of educational reform suggests not that there has been too little change, but that there has been too much. Systems have been changed before they have been fully tried while the abolition of direct grant schools by a Labour Government was paradoxically one of the biggest steps ever made back towards privilege because the bulk of the schools went independent.

Yet one can ignore the Nuffield remedies. The merit of the studies is that they draw attention to that large section of the population which has somehow been left behind by social reform and which appears to have become an entrenched proletariat. That is what politicians, left and right, should be looking at. It is not an attractive legacy.

Malcolm Rutherford

* Social Mobility and Class Structure in Modern Britain by John H Goldthorpe, £12 (hardback), £4.95 (paperback) and Origins and Destinations by A. H. Halsey, A. F. Heath and J. M. Ridge £11 (hardback), £4.95 (paperback). Both Clarendon Press.

Letters to the Editor

The price of gas

From Mr. T. Skeet, MP

Sir,—Domestic users of natural gas may smile at their fortune since 1964 while those relying upon coal and electricity had to cope with virtually annual increases in price. The gas industry in the UK (virtually British Gas Corporation) is in a dilemma. Its profits have never been larger, thanks to the below-the-market figure it pays producers in the southern North Sea. Nevertheless, the Corporation will be invited substantially to increase its prices both to avoid further serious damage to the markets of coal and electricity and to prevent scarce supplies being further reduced by excess demand.

British Gas has been paying 1½p to 6p a therm for its gas acquired as a monopoly buyer from companies operating on the Continental Shelf, and yet its revenue from domestic consumers averaged 18.5p a therm in 1978-79. To stop the migration of customers away from electricity to gas and to counter demand, price increases are scheduled for April and October totalling 29 per cent. Current prices paid by British Gas for North Sea gas are thought to average about 12p a therm.

It should, nevertheless, be realised that gas prices for domestic consumers are relatively low by fuel standards. In real terms they are substantially below what they were in 1970. The table will reveal this position.

Gas prices, 1970-79. (Index base 1970.)

	Index of gas prices	Index of gas prices deflated by RPI for all items
1970	100	100
1973	116	91
1975	141	76
1977	201	81
1978	207	77
Oct., 1979	224	69

Price increases of anything between 26 per cent to 30 per cent would still give the industry a competitive edge. Gas and electricity are both subject to VAT on the Continent but not so far in the UK.

It must be recognised that certain disadvantaged sections of society will require assistance to meet their heating bills and it will be up to British Gas in conjunction with the Department of Health and Social Security to work out a suitable scheme.

Of course, if British Gas increases its revenue as a result of these steps it is assumed that a windfall profits tax will be made available to cream off the additional revenue, but at the moment there is no more than a twinkle in the Government's eye. There is, in fact, no provision in the Gas Act, 1972, enabling surplus profits to be clawed back by the State, and the Secretary of State has no power to give the Corporation a specific directive along these lines. Since petroleum revenue tax was introduced by the Oil Taxation Act, 1975, to abstract the windfall profits of oil companies operating in the North Sea it would not seem inconsistent if legislation was now framed to achieve for British Gas a somewhat similar purpose.

The Chancellor could pursue the VAT route as an alternative. VAT on gas in European Community States is:—

Belgium 6 per cent.
Denmark 20.25 per cent.
France 17.6 per cent.
Federal Republic of Germany 13 per cent.
Ireland 0 per cent.
Italy 6 per cent but industrial consumers 16 per cent.
Luxembourg 5 per cent.
Netherlands 18 per cent but market gardeners 4 per cent.
UK 0 per cent.

If gas was "vatted" in UK at 10 per cent the annual yield would be £175m, at 15 per cent £260m. This would in effect upgrade the price to the detriment of consumers but deny the industry greater revenue.

It would also be open to the Government to recommend that producers be paid a more substantial price for their supplies as an incentive to further exploration, but it is too early to say whether this line commends itself to the Government.

It should be realised that there is a relationship between gas and oil prices in Western Europe, and that it is unlikely that the UK will remain far behind in following accepted methods in the market.

Trevor Skeet.
House of Commons, SW1.

Invisible earnings

From the Chairman, Committee on Invisible Exports.

Sir,—In the report (January 16) on the United Kingdom's current account figures for 1979 your Economics Correspondent quotes the projected surplus on invisible trade for the year at £815m. In fairness to this country's invisible exporters, it should be pointed out that, while final figures are not yet available, their net earnings for 1979 are expected to be £4bn or more. The difference between these two figures is accounted for by the deficit on Government transactions, including their increasing contribution to the EEC, which are charged to the invisible account.

While the net surplus on invisible trade in 1979 is estimated to be lower than in 1978, for which your correspondent gives the reasons, the gross income from the trading activities of our invisible exporters has continued to grow by at least 12½ per cent over the previous year, and the net surplus, though less than in 1978, will once again make a major contribution to our balance of payments. To offset the deficit on Government transactions against this surplus is both misleading and discouraging to the country's invisible exporters.

(Sir) Francis Sandilands,
7th Floor.
The Stock Exchange, EC2.

Subsidising railways

From Mr. M. Posner

Sir,—Anatole Kaletsky's Lombard column (11th January) makes an excellent point when he stresses that "external effects" — the general benefits to society from an urban transport system like the rail commuter network — may justify a subsidy. (I prefer to call this "revenue from the taxpayer customer," symmetrically with "revenue from the fare-payer customer," rather than "subsidy," because it is an income to be earned, not a handout). To that extent, I think he is right to suggest that British Rail gave too much away in saying that ideally, income from fares should cover all costs.

But the question is — how much should the taxpayer offer? BR already gets a good deal of cash, though less than many foreign rail systems. Mr. Kaletsky knows that a dozen economists could work for a dozen years without resolving the question of the true costs of road congestion and the true benefits from railways. The BR pamphlet "Towards a commuters charter" was meant to display the stark incompatibility of a constant (or falling) revenue from the taxpayer, rising costs, rising aspirations of quality both from the customers and from those who aim to serve them, and a general reluctance to raise commuter fares too sharply. Many other countries have answered this conundrum in the way Mr. Kaletsky recommends: they may well be right, but the taxpayer's pockets are not bottomless.

Mr. Kaletsky is, however, on less strong ground in suggesting a second reason for subsidy — falling costs. Dupuit's bridge never wears out, nor needs repair; BR's track, signalling, and rolling stock most certainly do! And the capacity constraint, on most commuter lines at peak hours, is severe. Of course, off-peak there is spare capacity, and in a formal sense this provides a case for subsidy. But BR's own price cutting promotional fares, combined with a managerial philosophy of "maximising volume subject to a profit constraint," goes a long way to meet this need, in a manner *more acceptable* to Government and customers, and to economists. Whether, on the passenger system as a whole, there remains a case for subsidy on the grounds of falling costs, is moot: my view is that if we can get a consensus on the "external effects" argument, with its particular application to commuters, we can afford to let hard nosed Treasury officials indulge their not unreasonable prejudices against subsidy elsewhere on the railways.

Michael Posner.
British Railways Board,
P.O. Box 100,
Euston Square, NW1.

Savings and advances

From the Economic Adviser, Lloyds Bank.

Sir,—The customary presentation of monthly figures by the Building Societies' Association, as reflected in the Press coverage, for example "Building society receipts poor" (January 15), has an unjustifiably gloomy bias. The BSA always highlights "net receipts," the difference between receipts and withdrawals of shares and deposits, which came to "only £161m." in December. This does indeed appear inadequate compared to gross home loans granted of £654m.

The BSA also reveals that interest credited to investors' accounts reached a record figure of £682m in December. The increase in savings, or "net receipts" plus interest credited, was thus £843m, a figure printed in the BSA statistics, but *not* mentioned either in their Press comment or in your report of it. December is always an exceptionally good month for interest credited, so it is fairer to take the figures for the last quarter of 1979, when interest credited of £791m boosted "net receipts" of £839m to an increase in savings of £1.6bn.

Similarly, repayments of principal of £1bn should be subtracted from gross home loan advances of £2.2bn for the last quarter of 1979 to give net advances of £1.1bn. Net advances thus absorbed only 71 per cent of the increase in savings in the quarter, and the building societies were able to increase their liquidity ratio from 17.4 per cent in the third quarter to 17.6 per cent in the fourth quarter.

Could the BSA, or at least the Press interpretations, please emphasise the comparison between the increase in savings and net advances rather than that between "net receipts" and gross advances. This would avoid the creation of unnecessary alarm throughout the financial and economic system at the prospect of further rises in building society interest rates designed to stave off a shortage of funds which is not as acute as it is made to appear.

Christopher Johnson,
71 Lombard Street, EC3.

Unpaid bills

From Mr. D. Stern

Sir,—The Government has professed a deep concern for the interests and stability of the small businessman—and in several minor matters it has already demonstrated this. There is one way, however, in which every small business and professional office can be helped to be more effective and financially stable without any charge on the Government or the taxpayer.

While interest rates were in the 5 per cent-10 per cent range, it was possible to carry the burden of unpaid bills for two, three or even six months without too great a financial strain: at 17 per cent or higher such impositions are crushing the man at the end of the chain.

The largest companies save themselves vast sums by not paying for goods or services for as long a period as possible, and the effect on their small suppliers or professional advisers can be so damaging as to put them out of business.

For the small firm to demand interest at a commercial rate from the large customer on whom he depends for future orders is extremely difficult; to wait six months for payment can remove his profit margin.

If, however, payment of interest at, say, minimum lending rate, was made mandatory on all accounts after 60 days, the cash flow problems of smaller firms would be greatly reduced.

I appreciate that monitoring such matters would not be easy but, if it were made clear that any avoidance would be regarded as against the interests of the country and thus anti-social, I believe that the majority of major firms would comply, and the smaller firms would not be inhibited from insisting.

In the event of a claim for non-payment having to go to the courts, the overdue payment of interest would automatically be added to the outstanding debt from the 60-day period of grace. This would discourage those who use the law's delays to their own advantage.

David Stern.
2-3, Scala Street, W1.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, meets Mr. John Deutch, U.S. Secretary for Energy, London.

Lord Gowrie, Employment Minister, visits H. R. Piper, microcircuit manufacturer, Brentwood.

Mr. Hamish Gray, Energy Minister, meets OILCO contractors, Glasgow.

Mr. James Prior, Employment Secretary, speaks at Suffolk and Ipswich Advisory Council lunch, Ipswich.

Amalgamated Union of Engineering Workers' inquiry into BL's sacking of Mr. Derek Robinson, final meeting.

Airfix Industries and unions discuss Meccano sit-in.

Overseas: Mr. Huang Hua, Chinese Foreign Minister, starts four-day visit to Pakistan.

Mr. Masayoshi Ohira, Japanese Prime Minister, meets Mr. Robert Muldoon, New Zealand Prime Minister, in Auckland.

Prince Charles addresses British-Swiss Chamber of Commerce, Zurich.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

OFFICIAL STATISTICS

Department of Employment publishes retail prices index for December. Central Statistical Office issues tax and price index for December, and November provisional index of industrial production.

COMPANY MEETINGS

Bellway, Royal Station Hotel, Neville Street, Newcastle upon Tyne, 11.30. Crystalate, British Plastics Federation, 5, Belgrave Square, SW, 12.

COMPANY RESULTS

Final dividends: Dewhurst and Partners. Raeburn Investment Trust. United Guarantee Holdings. Interim dividends: Property Security Investment Trust. Raybeck. David S. Smith Holdings.

LUNCHTIME MUSIC, LONDON

Organ recital by Professor Gordon Phillips, All Hallow's-by-the-Tower, Byward Street, EC3, 12.15 and 1.15 pm.

Organ recital, St. Paul's Cathedral, 12.30 pm.

Recital by Stefan-Paul Sanchee (baritone) and Lois Phillips (piano), Fleet Room, 6, Bolt Court, Fleet Street, EC4, 1.10 pm.

Song recital by Mary Stevenson (soprano), St. Martin-within-Ludgate, Ludgate Hill, EC4, 1.15 pm.

Grand Met profit tops £136m in record year

AFTER INCREASED interest of £42.41m against £35.72m and a charge this time of £3.01m for freehold property depreciation, profits before tax of Grand Metropolitan rose from £115.94m to a record £136.01m in the year ended September 30, 1979.

Nearly all sectors improved and had it not been for adverse exchange rates, the results would have been even better, the directors say. Midway profits had risen from £43.16m to £52.2m and at that stage profits for the year were expected to comfortably exceed the previous year.

As forecast at the time of the June rights issue, the final dividend is 3.25p making a total of 5.75p on increased capital against 4.7428p previously. Stated earnings per 50p share increased from 18.2p to 21.8p after adjusting for the rights.

	Year 1979 £000	1978 £000
External sales	2,170,809	1,850,285
Trading profit	175,732	147,538
Assocs. profits	5,696	4,121
Interest	42,413	35,723
Depreciation*	3,010	—
Profit before tax	136,006	115,936
Deferred tax basis	69,556	59,172
Defd. tax not provided	39,184	26,322
Net profit	105,633	83,086
Minorities	3,087	823
Pref. dividends	481	481
Attrib. Ordinary	102,065	81,782
Ordinary dividends	29,424	20,959

* Of freehold property.

Mr. Maxwell Joseph, chairman of Grand Mteropolitan.

The major improvement in *milk and food — turnover was* £471.75m (£404.34m) and trading profit, £27m against £19.6m—reflects the success of capital projects and business development generally, the board states.

Brewing and distribution turnover was £461.53m (£405.85m) and trading profit, £49.6m (£42.94m). The division was adversely affected by delayed price increases but improved its market share for the third successive year.

Wines and spirits had an outstanding year—turnover was up from £345.11m to £447.6m and trading profit improved to £35.02m from £25.36m.

Hotels, entertainment, catering and managed public houses contributed £547.8m (£475.65m) to turnover and £49.14m (£46.73m) to trading profit while betting and gaming contribution was £242.1m (£219.3m) and £14.97m (£12.94m) respectively.

Expenditure on fixed assets increased to nearly £125m from £80m and the net cash surplus for the year after all investments, dividends and taking credit for the proceeds of the rights issue, is estimated at about £53m. Retained profits are expected to be some £72m.

Meeting, The Lyceum, Strand, WC, March 6 at 11.30 am.

See Lex

Dixons Photographic improves midway and sees better year

A RISE in first half profits is reported by Dixons Photographic and indications are that results for the year to April 30 will show a satisfactory increase over last year's profit of £10.72m.

In the 28 weeks to November 10, *1979*, pre-*tax* profits rose from £5.5m to £5.92m including retail profits of £2.38m against £1.97m. Turnover amounted to £116.19m compared with £109.52m.

The interim dividend is effectively raised from 0.7575p to 1.25p with 50 per cent of the 65 per cent increase being made to reduce disparity and 15 per cent as an additional increase. The total last year was equal to 2.853525p.

First half tax charge is £2.78m *(£2.44m) and there is an* extraordinary credit of £595,000 (£659,000) arising from the closure and sale of shops in the pharmaceutical division.

The directors say the group has continued to make good progress particularly in its retail, processing and property divisions and since the half year Dixons retail has enjoyed a record Christmas.

Overseas profitability was *reduced owing to production* delays of a new range but the order book for the next year is encouraging.

As a result of the collapse of resale price maintenance the board is rationalising the pharmaceutical wholesale division into *12* major distribution centres from the existing 27 depots and this programme is well under way.

● comment

The halfway figures from Dixons *Photographic* are distinctly pedestrian. Better news is that the company is ditching the Westons shops, cutting back on low-margin pharmaceutical business, and concentrating on what it does best—high street retailing of cameras and consumer electronics. This year's sales will mop up short-term debt, and help expansion of Dixons shops and photographic processing. Turnover on Dixons retailing side is up 24 per cent in the half, and the 21 per cent profits rise shows that margins are holding up well. Pharmaceuticals lost some £8,000. Another depressed area was overseas operations, essentially the wholesaling of Chinon cameras. The demand shift out of cine and into still photography depressed *profits, since the launch of* Chinon's new camera range was postponed to October, missing out on the lucrative summer market. Full-year profits could come out around £12.5m, with outside estimates of £14m next year. On this year's likely profits a prospective fully-taxed p/e of around 6 at 97p is perhaps too modest a rating in view of the company's change of heart on diversification.

Second-half downturn leaves Gestetner at £19m

A FALL in second-half profits from £16.31m to £11.88m has left the taxable surplus of Gestetner Holdings £7.02m behind at £19.08m for the year ended November 3, 1979.

Turnover, however, rose by 6 per cent from £253m to £267.6m and the directors are confident of continuing progress, particularly as new products are made available in different countries.

They say that the group's mix of stencil products utilising the latest technology and new products in offset and copying, will continue to ensure progress in the 33 countries it operates in directly, and the 133 in total to which Gestetner exports.

The dividend total for the year is lifted to 5.25p (4.4092p) net with a final of 2.75p per 25p share. Basic earnings are 27.2p (41p) and 20.7p (30.7p) fully diluted.

	1978-79 £000	1977-78 £000
Turnover	267,590	253,012
Trading profit	23,047	28,806
Interest paid	6,172	4,669
Invests., deposits inc.	2,293	2,454
Operating profit	19,168	26,591
Associates' profits	493	186
Exceptional debit	581	677
Profit before tax	19,080	26,100
Tax	6,393	6,980
Net profit	12,687	19,120
Exchange losses	4,554	1,518
Available	8,133	17,602
Dividends	2,450	2,046
Retained	5,683	15,556

See Lex

Avana pays second interim

SHAREHOLDERS in Avana Group, cake manufacturer, baker and confectioner, are to receive a second interim dividend, thus following the trend started last year.

The board says that profit earned for the eight months to the end of November was in advance of *that* for the corresponding period in the previous year and there is every justification in paying *a scond interim of 1p. Last* year's pre-tax profits were £3.52m and the three dividends amounted to 3.5p.

In the first half of the current year the company reported pre-tax profits of £1.6m (£1.41m) from turnover of £17.7m (£15.85m), but the board warned that rising raw material prices and competitive pressures would put margins under a strain. Past capital investment had, however, enabled the company to maintain consistent profitability.

With a catalogue of new products fully developed and waiting to be introduced, there is a good basis for a new surge in growth and prosperity when the economy recovers.

One of Avana's biggest customers is Marks and Spencer.

Courts first half increase

AFTER ADJUSTMENTS for exchange rate movements, Courts (Furnishers) reports turnover (excluding VAT) up from £22.24m to £24.29m in the half year to September 30, 1979, and pre-tax profits of £2.8m against £2.77m in the same period last year.

Movements in exchange rates adversely affected turnover and profit by some £424,000 and £77,000 respectively, the directors say.

Trading in the third quarter and so far in the fourth quarter has been reasonably satisfactory both in the UK and overseas, but the board says it is too early to predict the year's result with any certainty.

The interim dividend is effectively lifted from 1.141p to 1.75p—last year's total was equal to 3.135p from record pre-tax profits of £5.49m.

First-half profit is after a £165,000 (£364,000) transfer from deferred profit but before tax of *£1.28m* against £1.32m. No account has been taken of property disposal profits amounting to £180,000.

Reliant exceeds forecast

EXCEEDING their November forecast by £70,000, the directors of Reliant Motor Group, motor vehicle manufacturer and engineer, report taxable profits of £470,000 for the year ended September 30, 1979, against £108,000.

And the company is paying a 0.5p net interim dividend for the year, as forecast, the first *distribution since 0.175p in 1975* —there will be no final payment.

Turnover was ahead from £22.18m to £25.31m and profits were subject to tax of £321,000 against £74,000.

There was an extraordinary credit of £50,000 (£61,000 debit) boosting the net balance to £199,000 (£27,000 loss).

The offer by J. F. Nash Securities, for the shares it does not already own, has been accepted in respect of 5,048,724 ordinary 5p shares and 92,428 preference shares.

Nash now holds 96.9 per cent of the ordinary and 92.4 per cent of the preference capital—the offer remains open.

Corn Exchange doubles dividend

Taxable profits of The Corn Exchange Company advanced from £379,000 to £428,000 in the year to December 31, 1979 and the dividend is more *than*

In addition to the improved dividend, the directors are proposing a seven-for-one scrip issue and an increase in the company's authorised share capital from £299.520 to £2.8m.

After tax of £229,000 (£199,000), stated earnings per 10p share are up from 6.46p to 7.17p.

The company's activities include the operation of the London Corn Exchange and management of offices on the site, and the acquisition and leasing of capital assets.

WEEKS ASSOC. SALE

Weeks Associates has sold the Drayton Road, Norwich, freehold premises and land of Hunton International to Prudential Assurance for £340,000.

Agricultural axle making at Drayton Road was transferred to Hunton's Fakenham factory towards the end of 1979 and plans are now well advanced for starting commercial axle manufacture at a new facility in Singapore in the spring.

Proceeds of the sale will substantially reduce the group's bank indebtedness.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AGB Research ......int.	2.5	March 7	1.4	—	4.4
Associated Paper Inds.	2.44	Apr. 1	2.27	3.65	3.48
Avana Group ......sec.int.	1	Apr. 10	0.5	—	3.5
S. & W. Berisford	5	Apr. 8	2.44*	7.5	4.19*
B E T ......int.	1.86	Apr. 10	1.86	—	7.57
W. Cook (Sheffield) int.	0.6	March 3	0.53*	—	1.31*
Corn Exchange Co.	2.5	Apr. 1	1.3	5	2.23
Courts (Furnishers) int.	1.75	Apr. 10	1.14*	—	3.13*
Dixons Photographic int.	1.25	Feb. 26	0.76*	—	2.85*
East Daggafontein	10§	March 7	Nil	10	25
Eurotherm	3	—	2.68	4.5	2.68
A. & J. Gelfer ......int.	1.5	Apr. 9	1.4	—	3.5
Gestetner	2.75	Apr. 4	2.28	5.25	4.41
Grand Metropolitan	3.25	Apr. 21	2.99	5.75†	4.74
London & Montrose Inv. *Tst.* ......int.	2.5	Apr. 4	2	—	7.15
Provincial Cities ...int.	0.77	March 5	0.64	—	1.78
Reliant Motor ......int.	0.5	Feb. 27	Nil	0.5	Nil
J. Saville Gordon ...int.	0.53	Apr. 2	0.5	—	2.44
Sth. African Land	§20	March 7	25	40	25
Southvaal	140§	March 7	57	140	57
Utah Mining Aust.‡	8	—	—	16	10
Vaal Reefs	320§	March 7	180	510	280
Western Deep	225§	*March 7*	82.5	320	147.5
H. Wigfall ......int.	3	March 8	3	—	13.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Australian cents throughout. § South African cents throughout.

HIGHLIGHTS

Lex looks at the major company result of the day. Pre-tax profits from Grand Metropolitan rose by a fifth to £136m despite several adverse factors, and with the balance *sheet* looking healthier the company looks poised to sally forth and make a significant acquisition. Gestetner's figures show it has been badly mauled by the strength of sterling and has turned in profits £7m lower at £19.1m for the year to last November. Lex looks at the company's strategic position. Turner and Newall offered some guidance on the current position of its Rhodesian operations. Lex *examines the effect* on T & N's balance sheet and profit and loss account. Finally the money supply figures were published for the month to mid-December and Lex comments on their effect on the gilt-edged market. On the inside pages comments are made on the S & W Berisford, Eurotherm, BET, Dixons, AGB and Henry Wigfall. Elsewhere the Kitchen Queen annual meeting lacked the expected fireworks.

S. Berisford lifts dividend to 7.5p

RECORD levels of profit and turnover were achieved by S & W Berisford, commodity trader and food merchant, in the year to September 30, *1979*, and the directors have announced an *80 per cent increase* in dividends.

Pre-tax profits improved from £31.34m to £32.23m on turnover up 62 per cent from £1.34bn to £2.17bn, despite the effects of a number of adverse factors which Mr. E. S. Margulies, the chairman, says have left their mark on the results.

In his last annual statement, Mr. Margulies warned that the immediate outlook was far from bright due to political uncertainties, world economic conditions, industrial unrest and a deepening recession brought about by higher *oil* prices.

He now views the future decade with a restrained optimism based on the *group's* inherently sound structure at home and overseas and its widespread activities over diverse sectors of industry.

At half-time, pre-tax profits were up from £13.65m to £16.1m.

Reflecting the lifting of controls, the dividend is stepped up to .5p against an equivalent 4.1875p with *a* final of 5p.

After higher tax of £4.99m (£3.71m) and minorities £1.9m (£1.07m), the available surplus is down *slightly* from £26.57m to £25.33m. Dividends absorb £6.7m against £3.75m, leaving a retained profit of £18.63m (£22.82m). Stated earnings per 25p share are 28.37p (30.1p).

● comment

The halcyon days are over at S. and W. Berisford. Set against an average compound growth rate of over 30 per cent for 10 years, yesterday's increase of *2.8* per cent at the pre-tax level looks pedestrian in the extreme. Some analysts had been predicting profits of around £38m immediately after the useful interim rise but investors have since been heading for the exit *and the shares are now over 35* per cent down on last May's peak. The 4p recovery yesterday to 146p was almost exclusively a response to the almost doubled final dividend. The lacklustre performance is attributable directly to the level of interest rates and the dullness of soft commodity markets, particularly coffee and cocoa in which Berisford specialises. Interest charges were around £2.9m in 1978 and could be almost double that for last year. Non-commodity interests have pulled their weight but they are still a fairly small contributor overall and Berisford must now be faced with the choice of applying its dazzling cash-flow (helped by the fact that it has never paid a penny of mainstream corporation tax) and its impressive net worth to new acquisitions or waiting for the market in softs to revive. Either way, the stated p/e of five now looks realistic and the yield of 7.6 per cent is some incentive for the patient.

AGB moves ahead and in strong position

AS FORECAST at the annual meeting, first-half 1979-80 profits of AGB Research, consumer and industrial market research concern, showed an *increase* over the same period of the previous year. Pre-tax surplus for the six months to October 31, 1979, moved ahead from £0.97m to £1.19m, on turnover of £13.05m against £8.92m.

Both main sectors of the *group's business* have shown satisfactory growth, the directors state.

The group's trading position continues strong and its growing spread of activities in the UK and abroad makes the directors confident of record profits for *the full year.*

For the year ended April 30, 1979, profits before tax reached £2.22m.

The acquisition programme goes ahead steadily and the directors expect to make a number of important announcements during *the* first *half of this* year.

With half-yearly earnings per 10p share up by 1.01p to 4.71p, the *interim* dividend is lifted from 1.4p to 2.5p net—last year's final was 3p.

● comment

British industry has been paying increasing attention to market research over the past few years and AGB Research, the only quoted UK company in this field, appears to be profiting from the trend. Yet after a 63 per cent pre-tax rise in the *last* financial year as a whole, the market may have been expecting more than the latest 23 per cent interim increase, and the share price fell 5p to 167p yesterday. Publishing, however, seems to be doing well, with trade journals in particular *helping to* boost earnings and AGB plans to launch more titles this year. Market research continued strongly although the ITV strike reduced "special analysis" earnings slightly. The interim dividend is lifted almost 79 per cent and a more conservative 40 *per cent rise in the final* suggests a prospective yield of 5.8 per cent. If second half earnings grow at the same rate as the first, the fully taxed p/e is *13.8.*

Mr. Gibson replaced as Streeters MD

JUST SEVEN MONTHS after his appointment, Mr. Alan Gibson is being replaced as managing director of Streeters of Godalming, the loss-making public works contractor, in which Costain, the construction and civil engineering group, has a large interest.

Mr. Gibson's position on the Board is being taken over by Mr. Nicholas Streeter, who became executive chairman in June 1979, *the time at which Mr. Gibson's* appointment was announced.

Streeters has suffered a number of problems in the past 18 months. In June 1976 the group took a 40 per cent stake in a new Saudi Arabian company from which venture considerable advantages were expected to accrue. In 1976 the group received £140,000 from its Saudi associate but in the following year difficult trading conditions resulted in a loss of £543,000 from this source.

Prospects were expected to improve but in July 1978 the group reported a "*marked* deterioration" in the Saudi activities. In November the group announced that it was pulling out of its investment in Saudi Arabia and a net amount of £826,000 was written off group assets.

With the results for 1978 *announced in May, showing* profits halved to £351,000 the group announced that the Costain Group was to inject £308,700 of new equity into the company. Costain subscribed for new shares at 30p each and also bought some from the Streeters family, giving it a holding of some *22.5* per cent of the Streeters capital. Under the deal Costain would collaborate with the group on civil engineering works.

Last month the group reported a group pre-tax loss of £394,000 for the first half of 1979 which the directors blamed on bad weather and losses arising on two local authority contracts.

The shares were unchanged at 14p *last night.*

EMI ACCEPTANCES

Thorn Electrical Industries has received acceptances in respect of more than 90 per cent of the issued ordinary shares following its offer *for EMI. Thorn intends* compulsorily to acquire the balance under the provisions of the Companies Act 1948.

SPAIN

January 17	Price %	+ or —
Banco Bilbao	205	
Banco Central	222	+2
Banco Exterior	209	
Banco Hispano	208	+2
Banco Ind. Cat.	135	
Banco Madrid	175	
Banco Santander	242	+3
Banco Urquijo	165	—4
Banco Vizcaya	211	+2
Banco Zaragoza	205	
Dragados	103.5	+3.5
Espanola Zinc	58	
Fecsa	58.2	+1.2
Gal. Preciados	38.0	—2.0
Hidrola	64.2	+1.2
Iberduero	62.5	+1.0
Petroleos	120.0	+2
Petroliber	73	
Sogefisa	115	
Telefonica	55.5	+2.5
Union Elect.	65.5	+2.3

UK COMPANY NEWS

Wigfall profit downturn at interim stage

AN exceptional profit of £167,000 on the sale of property was more than offset by higher interest charges at Henry Wigfall and Son, which left taxable profits behind at £269,000 for the 28 weeks ended October 13, 1979 against £307,000.

On reporting annual profits of £1.85m (£1.37m) last September, the directors said that in spite of immediate problems in the economy, the current year would produce improved results.

They now state that a difficult six months' trading was experienced; the VAT increase distorted the company's normal trading pattern, and the high interest rates have boosted the charge from £896,000 to £1.3m.

They say it is therefore difficult to make any full-year forecast due to the heavy dependency on the high cost of borrowing, which must come down to make a satisfactory year-end result.

First half turnover of this electrical goods, furniture and fashionwear concern rose from £20.36m to £22.22m and the pre-tax figure was struck after depreciation of £2.98m (£2.83m).

After tax of £67,000 (£77,000), being ACT on the dividend, the net balance came through at £202,000 compared with £230,000, of which the interim dividend, unchanged at 3p net per 25p share, will absorb £156,000. Last year's final payment was 10.5p.

The amount retained was £46,000 (£74,000).

● comment

Interim figures have not traditionally proved a good guide to full-year performance at Henry Wigfall. In 1977-78, a £353,000 first-half loss emerged as a £1.4m profit for the year. Nonetheless, this year's first half results are not encouraging. Despite taking a property disposal above the line and the benefits of a change in accounting practices, profits slipped 12.4 per cent at the pre-tax level. The problem is interest rates. But here, Wigfall is boxed in, since it uses much of its borrowings to finance customer credit. So, until inflation slows markedly, good news in turnover growth will be bad news for interest payments. The shares slipped 2p to 215p on the figures. Hazarding an estimate that full-year profits will be around £1.5m pre-tax—perhaps optimistic since Christmas has been slow—the fully taxed p/e stands at a generous 15.4. Bid hopes may be sustained by the prospect that Wigfall will need substantial cash injections over the next few years to re-equip with video technology if it is to remain competitive.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Property Security Investment Trust, Reyback, David S. Smith.
Finals—Clifton Investments, Dewhurst and Partner, Raeburn Investment Trust.

FUTURE DATES

Interims—

McKay Securities	Jan. 22
Palmerston Investment Trust	Jan. 21
Priest (Benjamin)	Jan. 22
Radley Fashion	Feb. 1

Finals—

Aaronson Brothers	Feb. 5
Adams and Gibbon	Feb. 14
Anglia Television	Feb. 20
Ashdown Investment Trust	Jan. 22
Bullough	Jan. 24
Glanfield Lawrence	Jan. 25
Hanlys	Jan. 23

Wm. Cook (Sheffield) profit cut

DUE entirely to the engineering strike last year, pre-tax profits of William Cook and Sons (Sheffield) fell from £310,110 to £289,313 in the half-year ended September 30, 1979. Turnover amounted to £2.25m against £2.14m.

The interim dividend is effectively stepped up from 0.525p to 0.6p per share. Last year's total was equal to 1.3125p on pre-tax profits of £613,000.

First half tax charge is £150,443 (£165,417) giving earnings per share of 2.78p compared with an adjusted 3.05p.

Gelfer ahead in first half

Progress has been shown by A. and J. Gelfer in the half year ended September 30, 1979, with turnover ahead from £2m to £2.46m and profit from £343,905 to £409,442.

After tax of £213,100 (£178,00?) net profit comes at £196,34? (£165,905) giving earnings of 3.14p (2.65p) per share.

The interim dividend is 1.5p, against 1.4p. Total for 1978-79 was 3.5p paid from pre-tax profit of £859,000.

The company makes men's ties and headwear.

Eurotherm sees further growth

PRE-TAX profits of Eurotherm International, electronic equipment group, rose from £2.65m to a record £2.92m for the year ended October 31, 1979, despite exchange losses of £68,000 compared with £126,000 gains, and higher selling and other expenses.

Mr. J. A. Harnett, the chairman, says the benefit of recent heavy capital expenditure is beginning to show through, "and I can see no reason why the current year will not produce further satisfactory progress."

At halfway profits were £1.15m compared with £978,000.

Sales for the year expanded to £21.66m (£17.53m), and were split as to UK £9.53m (£7.27m), and overseas £12.13m (£10.27m).

Earnings per 10p share are shown as 18.24p (14.1p) and the dividend total is increased to 4.5p (2.68p) with a final net payment of 3p.

Mr. Hartnett says that the greater strength of sterling also reduces the profitability of products in overseas countries where market conditions inhibit price increases.

He adds that the group's expanding overseas manufacturing and assembling capacity, "will diminish our exposure to currency fluctuations in the longer term."

The group has invested heavily during the year in products and facilities — the 50,000 sq. ft. factory for Eurotherm Limited was completed at a cost of £1.5m and is now fully operational.

Tooling has been provided for five new ranges of micro-processor based products and work on the group's new transducer products has progressed well, he states.

Net borrowings at the year-end totalled £3.9m, including a £1m long term loan from Finance Corporation. As the bulk of the current capital expenditure programme has been completed, the directors do not anticipate any increase in this figure at the end of 1979/80.

Reliefs for investment in the building, capital equipment and increased inventory lead to the year's low tax charge.

● comment

The market has long made up its mind what it wants and expects from Eurotherm and there is little in the 1978-79 results to alter the accepted view. True, pre-tax profits were some £400,000 short of most external forecasts but, with overseas turnover representing 56 per cent of the total, the effect of currency conversion had been curiously left out of many predictions. Conversion cuts profits by some £200,000 and its effect on foreign assets, conservatively shown above the line, is to produce an adverse turnround of £194,000. If there is a slight quibble it is that gearing has risen to 65 per cent and will require marked attention this year while transducers, destined to become the fifth independent operating arm, are taking longer than expected to move into full production. On the plus side, the order level is very healthy, now up by over a fifth on the equivalent position this time last year, Turnbull is comfortably in profit and the stream of new ideas and products shows no sign of drying up. The market for the shares is admittedly thin and its volatility was clearly illustrated yesterday by the 12p drop to 283p. As ever, the yield is negligible and buyers must discount current earnings for at least 20 years but it would take a very great deal to shake the apparently widespread acceptance of the Erotherm concept.

The Association of Investment Trust Companies

INVESTMENT TRUSTS: net asset values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)
	VALUATION MONTHLY					
141.3	Alliance Trust	Ordinary 25p	31/12/79	8.0	261.5	270.7
77.4	Anglo-American Securities Corpn.	Ordinary 25p	31/12/79	3.8	122.0	128.6
120.2	British Investment Trust	Ordinary 25p	31/12/79	§7.1	180.1	185.2
26.0	Capital & National Trust	Ord. & "B" Ord. 25p	31/12/79	*5.75	164.2	167.1
11.5	Claverhouse Investment Trust	Ordinary 50p	31/12/79	5.95	116.0	116.0
12.1	Crossfriars Trust	Ordinary 25p	31/12/79	4.17	121.5	121.5
14.6	Dundee & London Investment Trust	Ordinary 25p	31/12/79	2.6	81.7	83.4
‡101.9	Edinburgh Investment Trust	Ordinary 25p	31/12/79	2.45	77.2	81.6
38.5	First Scottish American Trust	Ordinary 25p	31/12/79	3.15	111.8	114.0
12.0	Grange Trust	Ordinary 25p	31/12/79	3.2	105.5	110.0
68.1	Great Northern Investment Trust	Ordinary 25p	31/12/79	4.5	133.2	136.0
56.1	Guardian Investment Trust	Ordinary 25p	31/12/79	3.15	102.5	107.3
27.2	Hume Investment Trust	"A" & "B" Ord. 25p	31/12/79	*5.7	77.8	81.5
75.8	Investors Capital Trust	Ordinary 25p	31/12/79	2.5	100.2	106.5
17.8	Jardine Japan Investment Trust	Ordinary 25p	31/12/79	1.0	111.7	111.7
34.1	London & Holyrood Trust	Ordinary 25p	31/12/79	4.2	147.4	151.0
24.1	London & Montrose Investment Trust	Ordinary 25p	31/12/79	7.15	242.6	247.1
44.9	London & Provincial Trust	Ordinary 25p	31/12/79	3.95	139.2	142.0
112.0	Mercantile Investment Trust	Ordinary 25p	31/12/79	1.85	*56.3	60.8
	Do. Do.	Conv. Debs. 1983	31/12/79	£4.50	£85.60	£91.20
24.3	North Atlantic Securities Corpn.	Ordinary 25p	31/12/79	3.75	114.7	118.2
45.7	Northern American Trust	Ordinary 25p	31/12/79	4.0	119.7	123.2
6.4	Save & Prosper Linked Investment Trust	Capital Shares	31/12/79	–	134.2	134.2
126.1	Scottish Investment Trust	Ordinary 25p	31/12/79	3.9	127.1	131.2
60.7	Scottish Northern Investment Trust	Ordinary 25p	31/12/79	2.533	96.5	102.4
104.8	Scottish United Investors	Ordinary 25p	31/12/79	1.5	78.5	81.2
46.6	Second Alliance Trust	Ordinary 25p	31/12/79	7.2	223.3	232.3
3.5	Shires Investment Co.	Ordinary 50p	31/12/79	9.7336	138.5	138.5
†	Sterling Trust	Ordinary 25p	31/12/79	†	†	†
27.1	Technology Investment Trust	Ordinary 25p	31/12/79	3.1	135.0	136.3
†	United British Securities Trust	Ordinary 25p	31/12/79	†	†	†
†	United States & General Trust	Ordinary 25p	31/12/79	†	†	†
79.5	United States Debenture Corpn.	Ordinary 25p	31/12/79	4.05	108.4	112.8
	Do. Do.	Conv. Loan 1993	31/12/79	£5.00	£119.20	£124.10
	Baillie Gifford & Co.					
109.7	Scottish Mortgage & Trust	Ordinary 25p	31/12/79	3.9	145.6	148.2
55.0	Monks Investment Trust	Ordinary 25p	31/12/79	1.85	66.9	67.7
15.2	Winterbottom Trust	Ordinary 25p	31/12/79	7.5	276.7	290.8
	Baring Bros. & Co. Ltd.					
41.3	Outwich Investment Trust	Ordinary 25p	7/1/80	2.02	73.0	77.2
†	Tribune Investment Trust	Ordinary 25p	31/12/79	†	†	†
	City Financial Administration Ltd.					
16.8	"Investing in Success" Equities	Ordinary 25p	31/12/79	3.35	225.4	229.1
	East of Scotland Investment Managers					
43.6	Aberdeen Trust	Ordinary 25p	31/12/79	4.45	120.5	127.2
	Edinburgh Fund Managers Ltd.					
60.8	American Trust	Ord. & "B" Ord. 25p	31/12/79	*1.55	59.9	62.2
11.3	Crescent Japan Investment Trust	Ordinary 25p	31/12/79	†	168.4	168.4
13.1	General Scottish Trust	Ordinary 25p	31/12/79	4.0	115.2	117.6
8.2	Wemyss Investment Co.	Ordinary £1	31/12/79	15.0	364.2	364.2
	Electra Group Services Ltd.					
75.2	Electra Investment Trust	Ordinary 25p	31/12/79	6.3	147.2	147.2
276.0	Globe Investment Trust	Ordinary 25p	31/12/79	6.25	160.7	160.9
†	Temple Bar Investment Trust	Ordinary 25p	31/12/79	†	†	†
	F. & C. Group					
21.6	Alliance Investment Co.	Ordinary 25p	31/12/79	4.8	148.1	152.9
†	Cardinal Investment Co.	Deferred 25p	31/12/79	3.4	†	†
	Do. Do.	Conv. Loan 1985/87	31/12/79	£6.00	†	†
5.1	F. & C. Eurotrust	Ordinary 25p	31/12/79	1.2	61.6	61.6
†	Foreign & Colonial Investment Trust	Ordinary 25p	31/12/79	2.2625	†	†
‡31.3	General Investors & Trustees	Ordinary 25p	31/12/79	4.5	160.6	165.6
	James Finlay Invest. Management Ltd.					
1.7	Provincial Cities Trust	Ordinary 25p	31/12/79	1.78	34.4	34.4
	Gartmore Investment Ltd.					
6.5	Altifund Ltd.	Income 50p	31/12/79	10.0	102.9	102.9
	Do. Do.	Capital 50p	31/12/79	0.5	252.4	252.4
‡23.9	Anglo-Scottish Investment Trust	Ordinary 25p	31/12/79	§2.5	62.7	65.5
24.7	English & Scottish Investors	Ord. & "B" Ord. 25p	31/12/79	*2.65	111.1	117.4
7.4	Group Investors	Ordinary 25p	31/12/79	2.2	92.9	96.7
5.2	London & Gartmore Investment Trust	Ordinary 50p	31/12/79	0.75	87.5	94.2
‡9.5	London & Lennox Investment Trust	Ord. & "B" Ord. 25p	31/12/79	*2.0	73.7	76.5
22.8	London & Lomond Investment Trust	Ordinary 25p	31/12/79	2.8	100.4	103.5
11.3	London & Strathclyde Trust	Ordinary 25p	31/12/79	1.8	59.9	64.2
13.5	Meldrum Investment Trust	Ordinary 25p	31/12/79	2.4	67.0	67.0
	Gartmore Invest. (Scotland) Ltd.					
72.2	Scottish National Trust	Ordinary 25p	31/12/79	4.65	200.8	204.7
18.4	Glasgow Stockholders Trust	Ordinary 25p	31/12/79	2.85	145.7	150.2
	John Govett & Co. Ltd.					
81.5	Border & Southern Stockholders Trust	Ordinary 10p	31/12/79	2.2	79.1	80.7
12.6	General Stockholders Investment Trust	Ordinary 12½p	31/12/79	§3.7	152.9	165.1
‡14.7	Govett European Trust	Ordinary 25p	31/12/79	1.8	71.4	71.4
61.2	Lake View Investment Trust	Ordinary 25p	31/12/79	3.0	124.1	128.3
60.7	Stockholders Investment Trust	Ordinary 25p	31/12/79	§3.8	128.4	134.3
	G.T. Management Ltd.					
‡20.0	Berry Trust	Ordinary 25p	31/12/79	1.25	104.1	104.1
	Do. Do.	Conv. Loan 1993	31/12/79	£4.25	£150.90	£150.90
19.3	G.T. Japan Investment Trust	Ordinary 25p	31/12/79	7.0	186.8	x183.1
	Do. Do.	Conv. Loan 1987	31/12/79	£8.50	£115.80	£113.50
8.2	Northern Securities Trust	Ordinary 25p	31/12/79	4.0	186.8	193.1
	Hambros Group					
22.9	Bishopsgate Trust	Ordinary 25p	31/12/79	6.95	255.7	266.3
4.5	City of Oxford Investment Trust	Ordinary 25p	31/12/79	3.85	97.9	101.7
‡48.0	Hambros Investment Trust	Ordinary 25p	31/12/79	4.1	149.7	161.3
6.0	Rosedimond Investment Trust	Capital 25p	31/12/79	–	112.2	112.2
	Henderson Administration Ltd.					
‡116.6	Witan Investment	Ord. & "B" Ord. 25p	31/12/79	3.25	x120.5	126.0
21.3	Electric & General Investment	Ordinary 25p	31/12/79	2.05	106.5	108.1
‡5.8	Greenfriar Investment	Ordinary 25p	31/12/79	†	139.4	139.4
6.2	Lowland Investment	Ordinary 25p	31/12/79	3.2	74.8	74.8
2.3	English National Investment	Prefd. Ord. 25p	31/12/79	2.14	35.0	36.2
	Do. Do.	Defd. Ord. 25p	31/12/79	3.66	65.0	69.7
	Philip Hill (Management) Ltd.					
19.7	City & International Trust	Ordinary 25p	31/12/79	5.7	130.5	135.8
10.7	General & Commercial Invest. Trust	Ordinary 25p	31/12/79	6.87	178.2	188.3
22.7	General Consolidated Invest. Trust	Ordinary 25p	31/12/79	†	112.2	115.2
120.0	Philip Hill Investment Trust	Ordinary 25p	31/12/79	4.57	112.3	114.5
5.6	Moorgate Investment Co.	Ordinary 25p	31/12/79	4.74	115.0	117.7
34.4	Nineteen Twenty-Eight Invest. Trust	Ordinary 25p	31/12/79	3.33	83.4	86.8
	Industrial & Commercial Fin. Corpn.					
11.4	London Atlantic Investment Trust	Ordinary 25p	31/12/79	3.85	94.9	96.6
7.3	North British Canadian Invest. Co.	Ordinary 25p	31/12/79	3.55	107.3	107.3
	Ivory & Sime Limited					
†	Atlantic Assets Trust	Ordinary 25p	31/12/79	†	†	†
110.7	British Assets Trust	Ordinary 25p	31/12/79	§3.3	95.6	101.1
†	Edinburgh American Assets Trust	Ordinary 25p	31/12/79	†	†	†
22.0	Viking Resources Trust	Ordinary 25p	31/12/79	1.32	202.3	202.3
	Keyser Ullmann Ltd					
10.9	Throgmorton Secured Growth Trust	£1 Cap. Loan Stock	31/12/79	–	–	161.6
47.7	Throgmorton Trust	Ordinary 25p	31/12/79	4.875	103.8	106.1
	Kleinwort Benson Ltd.					
27.2	British American & General Trust	Ordinary 25p	31/12/79	†	52.3	53.4
22.9	Brunner Investment Trust	Ordinary 25p	31/12/79	4.9	136.9	139.9
31.8	Charter Trust & Agency	Ordinary 25p	31/12/79	§3.156	73.1	75.3
40.4	English & New York Trust	Ordinary 25p	31/12/79	†	96.9	98.6
5.0	Family Investment Trust	Ordinary 25p	31/12/79	4.6	113.2	113.2
3.2	Jos Holdings	Ordinary 25p	31/12/79	2.7	65.6	65.6
6.6	London Prudential Investment Trust	Ordinary 25p	31/12/79	4.25	105.1	108.0
49.6	Merchants Trust	Ordinary 25p	31/12/79	3.25	92.0	95.5
	Lazard Bros. & Co. Ltd.					
‡46.0	Raeburn Investment Trust	Ordinary 25p	31/12/79	†	159.9	166.6
37.1	Romney Trust	Ordinary 25p	31/12/79	†	117.6	120.3
	Martin Currie & Co., C.A.					
10.3	Canadian & Foreign Investment Trust	Ordinary 25p	31/12/79	4.75	144.6	148.9
†	St. Andrew Trust	Ordinary 25p	31/12/79	†	†	†
92.7	Scottish Eastern Investment Trust	Ordinary 25p	31/12/79	§2.9	81.1	84.5
22.6	Scottish Ontario Investment Company	Ordinary 25p	31/12/79	2.8	79.1	80.6
53.0	Securities Trust of Scotland	Ordinary 25p	31/12/79	4.3	107.9	118.7
	Murray Johnstone Ltd.					
65.4	Murray Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/12/79	*2.15	91.9	94.9
44.8	Murray Caledonian Investment Trust	Ord. & "B" Ord. 25p	31/12/79	*2.1	64.9	67.5
16.2	Murray Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/12/79	*2.1	119.1	124.6
‡6.5	Murray Minor Investment Trust	Ord. & "B" Ord. 25p	31/12/79	*2.35	98.9	98.9
24.9	Murray Northern Investment Trust	Ord. & "B" Ord. 25p	31/12/79	*1.5	71.4	74.1
73.6	Murray Western Investment Company	Ord. & "B" Ord. 25p	31/12/79	*1.7	77.1	80.7
	Schroder Wagg Group					
20.9	Ashdown Investment Trust	Ordinary 25p	31/12/79	4.6	178.4	185.2
	Do. Do.	Conv. Loan 1988/93	31/12/79	£4.75	£124.90	£129.70
6.9	Australian & International Trust	Ordinary 50p	31/12/79	3.35	115.0	115.0
28.6	Broadstone Investment Trust	Ordinary 20p	31/12/79	5.7	192.8	201.0
49.8	Continental & Industrial Trust	Ordinary 25p	31/12/79	7.2	264.7	276.2
28.6	Trans-Oceanic Trust	Ordinary 25p	31/12/79	6.2	223.9	230.7
12.8	Westpool Investment Trust	Ordinary 25p	31/12/79	3.8	134.2	137.6
	Do. Do.	Conv. Loan 1989/94	31/12/79	£5.00	£120.80	£123.80
	Stewart Fund Managers Ltd.					
†	Scottish American Investment Co.	Ordinary 50p	31/12/79	3.25	†	†
9.4	Scottish European Investment Co.	Ordinary 25p	31/12/79	1.6	51.1	51.1
	Touche Remnant & Co.					
99.6	Atlas Electric & General Trust	Ordinary 25p	31/12/79	2.25	81.8	84.9
31.2	Bankers' Investment Trust	Ordinary 25p	31/12/79	2.87	73.5	78.4
30.5	Cedar Investment Trust	Ordinary 25p	31/12/79	3.35	86.8	89.5
42.0	City of London Brewery	Deferred 25p	31/12/79	2.52	80.3	84.7
28.6	Continental Union Trust	Ordinary 25p	31/12/79	4.25	150.4	156.5
15.6	C.L.R.P. Investment Trust	Ordinary 25p	31/12/79	2.8	92.9	97.8
182.4	Industrial & General Trust	Ordinary 25p	31/12/79	2.15	74.7	77.1
38.2	International Investment Trust	Ordinary 25p	31/12/79	2.94	95.6	101.3
50.7	Sphere Investment Trust	Ordinary 25p	31/12/79	4.0	148.7	153.7
67.9	Trustees Corporation	Ordinary 25p	31/12/79	2.3	68.4	70.5
36.0	Trust Union	Ordinary 25p	31/12/79	2.1	72.9	75.3
	Williams & Glyn's Bank Ltd.					
‡10.3	Sizewell European Investment Trust	Ordinary 10p	31/12/79	2.1	95.6	95.6
‡2.2	Atlanta Baltimore & Chicago	Ordinary 10p	31/12/79	0.85	65.6	65.6
‡2.6	West Coast & Texas Regional	Ordinary 10p	31/12/79	1.1	78.8	78.8
	VALUATION THREE-MONTHLY					
2.34	Lancashire & London Investment Trust	Ordinary 25p	31/12/79	2.0	58.5	58.5
9.4	Oil & Associated Investment Trust	Ordinary 25p	31/12/79	2.42375	90.8	91.9
	Do. Do.	Conv. Loan 1988/93	31/12/79	£6.25	£204.30	£206.80
‡112.9	Rothschild Investment Trust	Ordinary 50p	31/12/79	9.0	361.3	371.8
11.0	Safeguard Industrial Investments	Ordinary 25p	31/12/79	4.7	100.3	102.3
9.7	Scottish & Mercantile Investment Trust	Ord. & "A" Ord. 25p	31/12/79	4.75	174.1	179.7
9.1	Scottish Cities Investment Trust	Ord. & "A" Ord. 25p	31/12/79	10.0	276.0	281.0
17.0	Yeoman Investment Trust	Ordinary 25p	31/12/79	†	251.6	256.1
	Do. Do.	Conv. Loan 1993	31/12/79	£4.50	£138.40	£140.90
8.0	Young Companies Investment Trust	Ordinary £1	31/12/79	4.6	123.62	125.62
	East of Scotland Investment Managers					
10.7	Dominion & General Trust	Ordinary 25p	30/11/79	9.75	229.4	240.4
27.7	Pentland Investment Trust	Ordinary 25p	30/11/79	5.0	147.7	152.4
	Rivermoor Management Services Ltd.					
‡102.5	London Trust	Deferred 25p	31/12/79	5.25	154.3	161.2
	Do. Do.	Conv. Loan 1985/87	31/12/79	£6.00	180.5	186.6

AMENDMENT to table published December 21st 1979

Valuation Monthly: G.T. Management, Northern Securities Trust, Col. 7 should read 187.0.

* Applies to Ordinary/"A" Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figure. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (f) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

(a) Cols. 1, 6, 7 Listed investments are valued at mid-market prices; unlisted at directors' valuation.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-7 Amounts per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-7 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols 6-7 Prior charges are deemed to include preference share capital. Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

MINING NEWS

W. Deep and Vaal Reefs boost dividends

BY KENNETH MARSTON, MINING EDITOR

ROUNDING-UP what has been a record season, but not without some disappointments, for South African quarterly gold mining profits we have the December 1979 quarterly results from the mines in the Anglo American Corporation group. They are accompanied by two notable final dividends for 1979.

Of these, **Western Deep** is paying 225 cents (120p) to make a total of 320 cents for 1979 which goes against 147½ cents for the previous year. **Vaal Reefs** is paying 320 cents to make 510 cents against 280 cents. These high distributions, it should be remembered, were earned in a year when the average gold price was around only $300 per troy ounce.

Southvaal, which draws royalty income from Vaal Reefs, is declaring its usual single annual payment which amounts to 140 cents for 1979 compared with only 57 cents for 1978. The veteran **South African Land and Exploration**, which declared a single payment of 25 cents for 1978, is declaring a final for 1979 of 20 cents following an interim of the same amount. The latter company's income comes mainly from the re-treatment of old waste dumps.

Another veteran which no longer carries out underground mining operations, **East Daggafontein**, omitted its 1979 interim last year and is now paying a final for the year of 10 cents. This goes against a single payment of 25 cents for 1978, but thanks to the higher gold price the company will not be wound up this year as was earlier anticipated.

	Dec. 1979 cents	June 1979 cents	Dec. 1978 cents	June 1978 cents
East Dagga ...	10	*nil	nil	*25
SA Lands	20	*20	25	*nil
Southvaal ...	140	—	57	—
Vaal Reefs ..	320	*190	*180	*100
Western Deep	225	*95	82½	*65

* Interim.

As we have already seen in the cases of other groups, December 1979 quartaerly income of the Anglo American mines has been boosted by the increased gold prices received which are detailed below.

But net profits have been dampened to varying degrees by the rise in sliding-scale tax rates, especially in those cases where there has been a reduction capital expenditure which rangs as a tax offset.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Quarter ended Dec. 31	Quarter ended Sept. 30
ERGO	R10,723 ($403)	R8,332 ($311)
Elandsrand	R10,791 ($406)	R8,531 ($318)
F.S. Geduld	R10,782 ($405)	R8,157 ($306)
F.S. Saaiplaas ...	R10,861 ($408)	R8,460 ($317)
Presiednt Brand ...	R10,799 ($406)	R8,279 ($309)
President Steyn ...	R10,870 ($409)	R8,393 ($314)
S.A. Land	R10,944 ($411)	R8,377 ($312)
Vaal Reefs	R10,672 ($401)	R8,467 ($316)
Welkom	R10,848 ($408)	R8,398 ($314)
Western Deep	R10,830 ($407)	R8,414 ($313)
Western Hldgs. ...	R10,875 ($403)	R8,390 ($310)

Notably good net profits have been earned in the past quarter by **Western Deep, Vaal Reefs** (which also announces first production from the Afrikander Lease area) and by the young **Elandsrand mine**, although the last-named says that production was adversely affected by a significant narrowing of the reef widths (thicknesses) being mined.

The Ergo (**East Rand Gold and Uranium**) waste dump re-treatment operation has also done well.

On the other hand, there has been a heavy fall in profits of the Joint Metallurgical Scheme uranium-gold operation which is shared by the Anglo group's OFS mines. Its December quarter estimated profit has dropped to R9.02m (£4.85m) from R22.47m in the previous three months as a result of the loss of the Iranian uranium supply contract which has not yet been replaced.

The company with income most affected by the JMS setback is **Free State Saaiplaas** which reports a 60 per cent fall in the past quarter's earnings. Another disappointment is the lower net profit of **President Brand** which has suffered a threefold increase in tax as a result of the completion of high capital expenditure which previously kept the tax charge low.

The group's latest net profits are compared in the following table.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
East Dagga. ...	78	8	82
ERGO	15,532	11,281	8,621
Elandsrand ...	4,713	2,007	408
F.S. Geduld ...	33,800	28,861	24,537
F.S. Saaiplaas	5,058	12,473	7,448
Pres. Brand ...	32,726	35,147	27,742
Pres. Steyn ...	22,665	20,023	18,610
S.A. Land ...	829	519	402
Vaal Reefs ...	77,283	46,290	39,697
Welkom	7,682	7,298	4,544
W. Deep	59,356	39,096	36,256
W. Holdings...	20,024	19,565	16,268

● Asked about the prospects of **Loraine Gold Mines** making a return to the dividends list—the last payment was in 1975 — the chairman, Mr. W. F. Thomas, told the Johannesburg annual meeting that with a rising gold price, and provided the cost-revenue relationship remained reasonable, a dividend would be considered in due course.

Earnings pause for Teck and Copperfields

TORONTO'S **Copperfields Mining Corporation**, which holds 51 per cent of **Teck Corporation**, expects to hold earnings this year at the same level as 1979, C$8.7m (£3.3m) reports **John Soganich from Toronto**.

Teck also expects earnings in the year to September 30 to maintain the same level as in the previous year when they were C$22.7m.

In 1981 and 1982, however, both companies see higher profits as Teck's Highmont copper-molybdenum project makes a contribution. Following that there is the expectation of bigger earnings from **Lornex**, the copper operation controlled by **Rio Algom**, in which Teck has 21 per cent.

Teck is thus consolidating after a five-fold rise in profits during 1978-79. Apart from Copperfields, its other major shareholders are **Metallgesellschaft** of West Germany with 17.8 per cent and **Atlantic Assets Trust** of Edinburgh with 8.5 per cent.

Labrador Mining's C$288m bid for 30% of Norcen

CANADA'S **Labrador Mining and Exploration**, the **Hollinger Argus** unit, is preparing to spend C$288m (£109.2m) in an effort to bring its stake in **Norcen Energy Resources**, the Toronto oil, gas, coal and uranium group, up to 40 per cent.

It will offer C$40 (£15.16) a share for up to 30 per cent of Norcen's equity. Since December Labrador has built up an interest of about 10 per cent in Norcen by share purchases on the open market.

The offer, which carries a premium of C$5.75 over Norcen's Toronto closing price last Wednesday, will run for 11 trading days on the Toronto and Montreal exchanges starting today. Labrador was hoping to complete the necessary formalities with the exchanges yesterday.

Labrador has no current plans to seek representation on the Norcen board, Mr. P. C. Finlay, the chairman, said. "We have a substantial shareholding already, and we're well satisfied with the investment. We think it's a good buy."

Norcen was created in 1975 by the merger of a number of Canadian exploration companies. It has gas and oil exploration, production and distribution interests. It is the operator for the development of a uranium property in British Columbia and owns 80 per cent of Coleman Collieries, the Alberta coal producer.

Labrador has iron interests through Iron Ore Company of Canada and holds 7.5 per cent of **Noranda**, the major Canadian metals and minerals group.

With Hollinger it has been diversifying into energy minerals. A year ago the two took a stake in **Bow Valley Industries**. It has also put up drilling funds for oil search programmes in the Beaufort Sea.

Palabora has a good year

THE **Rio Tinto-Zinc** group's **Palabora** copper mine in South Africa has had a good year. Copper production has fallen only slightly in 1979 despite the replacement of mill shells during the year—an operation which was completed in only 58 days compared with the original estimate of 120 days—and there will have been higher metal prices.

Copper sales last year totalled 112,667 tonnes compared with 114,878 tonnes in 1978. Of the other products from this versatile mine, sales of magnetite were 70,447 tonnes (116,597 tonnes), sulphuric acid 103,139 tonnes (116,759 tonnes), vermiculite 178,022 tonnes (193,046 tonnes) and uranium concentrates 128,606 kilogrammes (127,836 kgs).

Palabora also produces precious metals as a by-product, but tends to be rather coy about details. All that is said is that the precious metal content of anode slimes last year amounted to 588,112 ounces against 522,053 ounces in 1978. The value of this not inconsiderable by-product should make a useful contribution to the higher 1979 profits which are due to be announced on about February 7.

ROUND-UP

Utah Mining Australia, which holds 10.8 per cent of **Utah Development**, *the U.S. company* which is the biggest coal producer in Australia, has declared a final dividend for 1979 of eight cents (3.9p), bringing total payments for the year to 16 cents, compared with 10 cents for 1978.

* * *

Whim Creek Consolidated is issuing 1m shares at A$1.25 (61.3p) each to members of the Sydney and Perth stock exchanges for placing with Australian and overseas investors. The funds raised will be used to build up gold production at Meekatharra by installing plant for the treatment of gold tailings dumps.

* * *

The **Malaysian Geological Survey Department** is intensifying work to determine the gold content of apparent deposits in Negri Sembilan and Kelantan. Several disused gold mines are to be examined as well. Work is being intensified because of the surge in gold prices.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.310	—	—	—	—	4	10	F.299.50
AKZ C	F.22.50	—	—	4	1.30	29	2.20	F.22.60
AKZ C	F.25	—	—	257	0.50	6	1.10	,,
AKZ C	F.27.50	—	—	8	0.40	55	0.50	,,
AKZ C	F.30	—	—	90	0.10	—	—	,,
AKZ P	F.22.50	—	—	54	0.90	—	—	,,
AKZ P	F.25	26	2	20	2	45	2.70	,,
AKZ P	F.27.50	10	4.20	110	5.10	—	—	,,
ARB C	F.65	—	—	2	1.30	—	—	,,
CSF C	F.440	8	92	7	97	—	—	F.529
HO C	F.22.50	—	—	—	—	42	2.20	F.22
HO P	F.25	—	—	5	0.60	—	—	,,
HO C	F.27.50	—	—	50	0.30	10	0.70	,,
IBM C	$60	42	9⅝	—	—	—	—	$69¾
IBM C	$65	29	5	—	—	—	—	,,
IBM C	$70	39	½	50	4¼	—	—	,,
IBM C	$75	13	⅛	50	1¾	—	—	,,
KLM C	F.70	339	0.40	79	4	11	6.20	F.69.50
KLM C	F.80	—	—	53	1.20	77	2.70	,,
KLM C	F.90	—	—	90	0.30	65	0.90	,,
KLM C	F.100	—	—	5	0.10	—	—	,,
KLM P	F.70	422	1.20	289	4.20	11	5.80	,,
KLM P	F.80	60	10.50	135	11.50	22	12.70	,,
KLM P	F.90	—	—	25	20.50	—	—	,,
NN C	F.110	50	8.70	—	—	—	—	F.119.10
NN C	F.115	9	3.80	—	—	—	—	,,
NN C	F.120	6	0.10	1	3.50	—	—	,,
PET C	Fr.4600	1	1150	—	—	—	—	Fr.5760
PET C	Fr.5000	10	760	—	—	—	—	,,
PET C	Fr.5500	18	240	—	—	—	—	,,
PET C	Fr.6000	46	3	2	220	—	—	,,
PHI C	F.20	36	0.20	25	1.30	100	1.50	F.19.90
PHI C	F.22.50	—	—	86	0.30	427	0.50	,,
PHI C	F.25	—	—	—	—	239	0.30	,,
PHI P	F.20	—	—	19	0.60	21	0.90	,,
PHI P	F.22.50	20	2.40	10	2.60	8	2.90	,,
PHI P	F.25	10	4.90	—	—	22	5.10	,,
PRD C	$25	—	—	2	2⅜	—	—	$24¾
RD C	F.140	41	4.50	10	9.50	10	10.20	F.144.20
RD C	F.145	44	0.30	45	6	—	—	,,
RD C	F.150	—	—	141	3.50	25	4.50	,,
RD C	F.160	—	—	207	1	188	1.90	,,
RD P	F.140	—	—	55	2.20	—	—	,,
RD P	F.145	425	0.70	73	4.10	—	—	,,
RD P	F.150	129	5.50	111	6.60	—	—	,,
RD P	F.160	20	15	5	15.50	—	—	,,
UNI C	F.115	20	0.70	1	6	—	—	F.115
UNI C	F.120	—	—	—	—	21	3.50	,,
UNI C	F.130	—	—	—	—	6	1	,,
XRX C	$60	1	3½	—	—	—	—	$63½
		Feb.		May		Aug.		
BA C	$50	3	10⅛	1	12	—	7⅜	$60¾
BA C	$60	—	—	—	—	5	—	,,

TOTAL VOLUME IN CONTRACTS 5521

C=Call P=Put

BIDS AND DEALS

Former chairman moves to get control of Royco

COMPANIES controlled by Mr. Roy Strudwick, former chairman and a current director of Royco Group, the property development concern, are making a 50p per share cash offer for the whole of Royco's equity.

The proposed bid places a value *of £10m on the whole of Royco's* share capital. The offer is being made through Bonnerpark, which is owned by Supreme Investments, a Jersey company controlled by Mr. Strudwick.

Barclays Bank, advisers to Bonnerpark, said yesterday that 855,500 ordinary 5p shares in Royco had been purchased at 50p a share.

Supreme Investments owns a further 7,335,473 ordinary shares and the total holdings amounted to 40.95 per cent of Royco's issued share capital.

But yesterday Bonnerpark bought a further 1.81m Royco shares which ran its stake up to 50.007 per cent. Before the moves of the last few days Mr. Strudwick owned over 35 per cent of the Royco equity.

On the London stockmarket Royco's shares rose 7p to 48p.

Barclays, speaking on behalf of Mr. Strudwick, said yesterday that Mr. Strudwick had felt for a long time that "a publicly quoted housebuilder is not a good prospect. Fundamentally it is a creature where profits performance is all over the place.

"To be on the treadmill where publicly quoted companies have to show a certain level of growth is often incompatible with housebuilders' circumstances." Barclays said. "Mr. Strudwick had desired to own 100 per cent of the company for some time."

Mr. Strudwick resigned as chairman last March and has moved to Jersey. Last night the independent directors of Royco were consulting their financial advisers, Samuel Montagu, and advised shareholders to take no action in relation to their holdings. They will be writing to shareholders shortly.

L. Stanley betting on fireworks

L. Stanley, the privately-owned betting shop group, now owns more than a quarter of the shares in Standard Fireworks and plans to make a full statement about its recent purchases around the end of this month.

Standard's managing director, Mr. Derrick Worthington, was accompanied by another board member, Mr. Robin Napier, at a meeting yesterday with Stanley's chairman, Mr. Leonard Steinberg. Stanley said earlier this month that it had then bought nearly 22 per cent of the company.

Mr. Worthington will report to the Standard board when it next meets on January 30, with Stanley making a statement shortly afterwards. Stanley, which runs betting shops in Northern Ireland and the UK, as well as a casino in Stockport, is jointly owned by the Steinberg brothers, Leonard and Gerald.

Tate & Lyle sells ships for £18.7m

Tate and Lyle has agreed in principle to sell two of its two-year-old products carriers to the UK subsidiary of the Monte Carlo-based Vlasov group. On completion Tate will receive £18.75m in cash for the two 39,700 dwt carriers—Athelmonarch and Athelqueen.

The deal will result in a £0.5m book profit for Tate and will be dealt with as an extraordinary item in the accounts. Tate says that the sale will have no significant effect in its 1980 trading profits.

The transaction is part of Tate and Lyle's stated intentiop of reducing its shipping commitments. In 1978-79 Tate sold the six ships of its Sugar Line fleet and four of its parcel tankers.

The two ships have been bought by Silver Navigation Ltd., London. Silver Line has a mixed fleet of 19 ships totalling more than 1m dwt which range from 220,000 dwt tankers to 2,000 dwt chemical tankers. The two new ships will join Silver Navigation's four 56,000 dwt product carriers.

OFT clears Thorn £9.7m bid for Focus TV rentals

BY JOHN LLOYD

Thorn Electrical is to be allowed to take over the Manchester-based **Focus Television Rentals**, at a price of £9.7m.

The bid, first made in July last year, has been reviewed by the Office of Fair Trading. The OFT has recommended that the Trade Secretary should not refer the bid to the Monopolies Commission.

Focus has 117 outlets, mainly in the north-west. It rents out some 50,00 colour and 11,000 black and white TV sets.

Thorn's rental chains already include Domestic Electric Rentals (DER), Multibroadcast and Radio Rentals, with further chains in Europe, Australasia and South Africa.

The company's bid for Locatel, the largest French rental chain, has been under examination by the French Monopolies Commission for some months.

It was also announced yesterday that **Thorn Domestic Appliances** is to form a joint company with Necchi of Italy to manufacture compressors for refrigerators and freezers at Spennymoor, Co. Durham.

The new company, in which Necchi will have the majority *shareholding, will require an* investment of more than £5m.

In a two-way arrangement, Necchi will ship kits of machined castings to Spennymoor where Thorn will manufacture the electric motors, pressings and injection moulded parts. Thorn will also ship motors to Necchi for incorporation in compressors assembled in Italy.

Thorn produces around 500,000 Tricity brand refrigerators, fridge-freezers and freezers a year, thus guaranteeing a base loading for the new company.

The company said last night that it saw "excellent opportunities" in the export market for production in excess of its own needs.

"Export revenue will be derived from the shipping of Thorn electric motors to Italy and the export of complete compressors and refrigerated products incorporating compressors. Moreover, the import content of the compressors used in products for the UK market will be substantially reduced."

BARR AND WALLACE ACQUISITION

Barr and Wallace Arnold Trust has acquired **Gordon Sudworth (Petroleum Supplies)** *for a consideration which does* not exceed 5 per cent of Barr and Wallace Arnold Trust's net tangible assets.

Gordon Sudworth is the marketing distributor for BP Oil Ltd. for an area which includes most of Yorkshire.

BITING OFFER UNCONDITIONAL

Hedgefield Country Securities has received acceptances of its offer for **Biting Rubber Estates** in respect of 53,368 ordinary (38.12 per cent). Hedgefield held 18,242 shares (13.03 per cent) prior to the offer period. The offer has been declared unconditional and remains open until further notice.

SALE TILNEY

Sale Tilney and Co. has entered into two agreements with the **Ransburg Corporation** of Indianapolis, in connection with their joint company, Ransburg-Peabody (RP).

Sale Tilney will sell its 50 per cent shareholding in Ransburg-Peabody to Ransburg Crpn. The consideration, which will be satisfied in cash, will be equivalent to 50 per cent of the net tangible assets of RP at October 31, 1979, and will approximate to £275,000. The audited profit before tax of RP for the year ended October 31, 1978, was £230,000.

Sale Tilney will take over that part of RP's business which consists of the manufacture and sale of electrostatic blade coaters and off-site painting, and will purchase for cash the fixed assets, *stock and work in progress* connected therewith at their net book values at October 31, 1979.

Booker buys 76% stake in Dutch pump group

Booker McConnell, the international food, engineering and trading group, which just two weeks ago completed the £10m acquisition of Kearley and Tonge from BAT Industries, is branching out into Holland.

Booker is paying £475,000 for a 76 per cent stake in Robot Pompen, a public company based just outside Amsterdam manufacturing electro-submersible sewage and contractors' pumps.

The acquisition is being made through SPP Group of Reading, Booker's fluid engineering subsidiary. The move follows recent establishment of SPP subsidiaries in the U.S. and Australia. SPP was expanded by a number of UK acquisitions during 1979.

A spokesman for the company said yesterday that the acquisition is a natural development of SPP's activities. It reinforces SPP's position in waste water pumping equipment and will enable both SPP and Robot to broaden their product ranges and market coverage.

In 1978 Robot which has 60 employees had sales of £2.4m and achieved profits, before tax, *of £140,000.* Net tangible assets attributable to the interest acquired are estimated to be over £300,000. The minority interest in Robot is held by three of its principal distributors.

CAMBRIAN ACCEPTANCES

Candecca Resources has received acceptances in respect of 608,900 shares in **Cambrian Exploration**, comprising 99.81 per cent of the share capital. The offer has been declared unconditional.

Candecca says that satisfactory arrangements have been made for repayment at par for all of Cambrian's £277,050 convertible unsecured Series A loan notes and for purchase by Candecca at 56p per warrant of all the wrarants entitling the holders to subscribe for £277,050 ordinary shares of £1 each in Cambrian.

Candecca shareholders have approved the increase in the share capital to £2,250,000 to enable the acquisition of Cambrian to proceed. The offer has therefore become wholly unconditional, and remains open for acceptance until further notice.

BEN WILIAMS SALE

The directors of **Ben Williams** confirm the sale of the premises at 219/221, Bow Road, London, E2, for £210,000 cash. The purchaser is Charles Temple and Sons.

The sale includes certain items of fixtures and fittings and the total book value of the assets being sold is £153,000.

The terms of the sale provide for a deposit of £1,000 which has been paid and the balance of £209,000 on June 30, 1980.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham ...	17 %	Keyser Ullmann	17 %
Associates Cap. Corp. .	17 %	Knowsley & Co. Ltd....	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd. ...	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co. ...	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	*Ryl. Bk. Canada (Ldn.)*	17 %
Canada Perm't Trust ..	17 %	Schlesinger Limited ...	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet ...	17 %	Shenley Trust	19 %
Choulartons	17 %	Standard Chartered ...	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits ..	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw ...	17½%
Duncan Lawrie	17 %	Williams & Glyn's ...	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited ...	17 %		
First Nat. Fin. Corp....	18½%		
First Nat. Secs. Ltd. ...	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty...	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

Facing problems at Assoc. Paper

IN A YEAR of mixed fortunes, **Associated Paper Industries** reports a slight increase in pre-tax profits from £1.9m to £1.95m for the 12 months to September 29, 1979.

During the year the company undertook substantial capital investments and a number of its subsidiaries produced excellent results. There were problems, however, at two subsidiaries *which* held the group back in a year which would otherwise have seen a considerable improvement in profits.

The opening months of the current year have not been easy, states Mr. K. L. Young, the chairman, but the group is in a much stronger trading position than it was a few years ago and is better able to withstand any recession which may occur.

Trading profit was £2.31m (£2.14m) after depreciation of buildings of £102,418 to comply with SSAP12. Comparative trading profit was reduced by £64,759 accordingly.

Turnover for the year increased from £36.7m to £44.6m. After interest of £364,644 (£236,520) and a tax charge of £286,754 (£282,782) retained profit was £1.12m against £1.2m. Turnover in the first half was £22.1m with pre-tax profits £872,828.

Stated earnings per 25p share were a basic 12.53p (15.26p) and diluted 11.54p (*12.54p*). The final dividend is 2.44p making a total of 3.65p (3.47752p).

	1978-79 £000	1977-78 £000
Turnover	44,589	36,672
Trading profit	2,311	2,137
Interest payable	364	236
Profit before tax........	1,946	1,901
Tax	286	282
Net profit	1,660	1,618
Ordinary dividend ...	519	391
Retained	1,119	1,205

PLAXTONS

Having began the current period with a very strong order book, Mr. F. W. Plaxton, the chairman, of **Plaxton's (Scarborough)** expresses confidence that this coach body builder will have a successful year.

Members are told in his annual statement that there has been no slackening of demand for the group's coach bodies in the UK and it has an adequate supply of chassis on which to build them.

Output of bodies in the commencing weeks of the current year was up to budget for the first time for some years.

Lower levels of inflation in Europe and the unrealistic strength of sterling is affecting the group's ability to obtain export orders, the chairman states.

However, progress has been made in negotiations with unions enabling it to recommence the design and development of a service bus intended for home and export markets in both complete and unassembled form.

In view of the group's strong liquid position, the directors are actively seeking ways to better utilise some of these resources and a number of potential investments are being examined.

Pre-tax profits for the year to September 30, 1979 rose by 38 per cent from £2.42m to a record £3.32m, on turnover up 22 per cent at £26.5m. The net dividend total is lifted to 7.25p (4.75p) per 25p share—as reported December 19.

Meeting, Scarborough, February 15, 2.30 pm.

Barnagore in substantial profit

Despite lower turnover of £5.34m against £6.76m, pre-tax losses of **Barnagore Jute Factory Company** w . reduced from £637,954 to . .117 in the year to March 31, 1979.

Trading conditions have improved very considerably since the year end, state the directors, and the company is now operating at a substantial profit, so that its financial viability appears more assured.

The deficit is struck after charging interest of £186,094 (£199,562) and crediting prior year adjustments of £22,459 (nil), exchange rate adjustments of £117,363 (£44,793) and investment income of £104 (£111). There was a profit on the sale of investments last time of £61,964.

After a tax charge of £896 (nil), the stated loss per £5 share is reduced from £11.73 to £5.71.

The dividend is omitted—none has been paid since 1972.

Kitchen Queen shares were sold for 10½p

MR. NEVILLE JOHNSON, the 36-year-old former chairman and chief executive of **Kitchen Queen** group, was paid almost £900,000 for the 8.5m shares sold to his fellow colleagues, Mr. Lenny Morris and Mr. Jim Bentham.

This reflects a price of 10.5p per share for the 28.4 per cent stake, a discount of more than 60 per cent on yesterday's share price of 27p, down 4p on the day. This compares with an offer for sale price of 29p 14 months ago and a 1979 high of 60p.

The disclosure was made at yesterday's first annual meeting by Mr. Morris, the new chairman. Mr. Johnson, who resigned the previous day, did not attend, in spite of the fact that he remains a substatnial shareholder with a 13.4 per cent stake.

Mr. Johnson's resignation coincided with the announcement on Wednesday that the kitchen equipment and carpet group expected to turn in a £300,000 loss for the first-half to the end of February. For the previous full year the company turned in profits of £1.8m — in line with its prospectus forecast.

The announcement of first-half losses came exactly a month after an optimistic forecast by Mr. Johnson, who said in his annual statement that he looked foward to "another record year."

The annual meeting which took only 15 minutes, was a surprisingly low-key affair. It was attended by up to 150 shareholders, including a number of institutions, but not one question was raised.

Mr. Morris had earlier warned *shareholders* that, given he only accepted the chair 24 hours previously and that he was a director of only a few weeks' standing, he was not in a position to add to a statement already made. He said, however, he would expand at the time of the interim announcement in May.

In spite of this, he said afterwards he was "staggered" that no questions were raised.

UK COMPANY NEWS

BET edges up £0.5m halfway

IN LINE with the modest increase forecast for the current year, taxable profits of the BRITISH ELECTRIC TRACTION COMPANY, industrial holding company, edged ahead by some £0.5m to £34.88m for the six months to September 30, 1979. Turnover rose from £334.12m to £372.77m.

Profits were struck after a sharp rise in interest charges from £5.14m to £8.26m, but included increased investment income of £3.3m (£2.75m) and associates' contributions of £3.54m (£2.9m).

Tax charge, at £18.66m (£18.31m), was higher than normal mainly because of certain overseas losses which cannot be offset against profits elsewhere.

Minorities took £3.47m (£3.76m) and after extraordinary debits of £236,000 against credits of £2,000, attributable profits for the six months improved from £12.33m to £12.51m.

Earnings per 25p deferred ordinary share are shown marginally ahead from 8.4p to 8.6p, while the net interim dividend is pegged at 1.863p, absorbing £2.75m (£2.73m)—payments last time totalled 7.572p on record pre-tax profits of £72.14m.

As already announced, the first production well drilled by Phillips Petroleum Company in the Maureen Field, in which B.E.T. has a 5 per cent interest, tested oil deposits below the main pay zone.

The extent of this lower oil bearing zone has still to be assessed but the Board says it could enhance the value of the field. Production from the Maureen Field is expected to commence in 1982.

● comment

There were few surprises when BET revealed its half-time figures yesterday. The performance, a marginal improvement against last year, is largely the result of a poor showing from the group's Rediffusion interests, which account for about a quarter of group profits. In addition, as earlier predicted by the board, the road haulage strike cut into the United Transport subsidiary (some 30 per cent of group earnings). The transport company has a calendar year end so the effects are still being shown. On the bright side, the group's 40 per cent holding in Initial Services came through as a sharp jump in associated profits. But sharply higher costs, an uncertain economy and the dangers of the steel strike all militate against expecting any leaps and bounds this year. The maintained interim dividend, suggests an historic yield of 9 per cent at 121p, down 4p. The p/e could come to 6.7 on the same basis.

Midway profit fall at Gnome

SALES DOWN from £949,294 to £788,640 and lower pre-tax profits of £197,746 against £251,800 are reported by Cardiff-based Gnome Photographic Products for the half year ended November 30, 1979.

The first half usually provides marginally higher profits than the second six months but the directors say public spending cuts are starting to take an effect. It would be unwise to predict the final result, they state.

First half profit includes dividends and interest of £60,179 (£35,784) but is after an associated company's loss of £7,374. Tax takes £106,750 (£131,000) and there is a £1,403 profit on the sale of an investment.

For the year to May 31, 1979, the group reported record results with pre-tax profits of £419,000 on turnover of £1.69m.

Saville Gordon profit up 13.5% midterm

In spite of difficulties experienced due to the engineering strike, J. Saville Gordon Group reports a 13.5 per cent increase in pre-tax profits from £636,401 to £722,943 for the six months to October 31, 1979.

Mr. John Saville, chairman of this engineers' merchant and metal processing group, says the results are particularly encouraging, and prior to the commencement of the steelworkers strike, the group was well on target to exceed last year's record profit of £1.45m.

He says that while steps are being taken to minimise the effect of the strike, it is obvious that a lengthy stoppage would have a significant effect on all companies in, or allied to, the engineering industry. The results for the full year depend therefore, on the length of the dispute and a meaningful profit forecast is not possible.

Both the engineers merchant division and the metal processing division showed increases in turnover and profits.

Group turnover totalled £13.98m (£10.05m). Turnover in the engineers merchants division was £5.4m (£4.21m) with pre-tax profits of £430,526 (£356,862), and in the metal processing section turnover increased from £5.84m to £8.6m with pre-tax profits slightly higher at £292,417 against £279,539.

After tax of £144,589 (£104,879), group profits came out at £578,354 (£531,522).

Metal processing turnover was forced up more than 47 per cent by high metal prices prevailing during the half year, but this increase was not reflected in profits. Mr. Saville comments, "High metal prices do not necessarily mean a proportionate increase in profit margins."

The interim dividend is increased from 0.5p to 0.525p—last year's total was 2.44p.

International Factors investment

International Factors, a subsidiary of Lloyds and Scottish Group, invested £27½m, mainly in small UK businesses during 1979, and has increased its number of clients to 256.

Turnover of factoring services increased to £247m during the year, of which 95 per cent was credit approved, which meant that IFL's clients were protected against some £234,000 of bad debts.

International Factors is based in Brighton, with regional offices in Leeds, London, Manchester, Cardiff and Birmingham.

Post Office Staff Fund value exceeds £2bn

THE VALUE of the Post Office Staff Superannuation Fund, the largest occupational pension fund in the UK, now exceeds £2bn, according to the latest report and accounts for the year ended March 31, 1979.

During the period under review, there was a net increase in the fund of £471.7m, raising its value from £1.53bn to £2.01bn.

Normal contribution income expanded by 16 per cent to £221m, and investment income by nearly 50 per cent to £148m. Benefit payments were up by 15 per cent to £229m.

Additional payments to the fund, including a £68m to reduce the actuarial deficit, amounted to £940m against £232m.

The trustees of the fund say in their report that the present investment policy is to maintain between 45 and 50 per cent of the fund's assets in equities, 35 per cent in property and the remainder in fixed interest.

The weight of investment in property and equities reflects the belief that the fund will do better over the long term to invest in industry and commerce than in fixed interest obligations issued by the Government.

During the year, the fund invested £214m of its cash flow in UK equities, £67m in gilts and £80m in property, including £2m in agricultural land. Although only 5 per cent of the property holdings are in farmland, the trustees believe this investment has particular attractions to a pension fund.

BANK RETURN

	Wednesday Jan. 16, 1980	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	25,566,846	— 4,709,048
Special Deposits	27,935,000	— 821,310,000
Bankers Deposits	622,361,519	+ 242,895,292
Reserves & other Accounts	686,427756	— 8,762,964
	1,376,844,121	— 591,886,710
ASSETS		
Government Securities	720,657,394	— 854,150,000
Advances & Other Accounts	441,005,590	+ 284,933,901
Premises Equipment & Other Secs.	198,817,956	— 23,716,777
Notes	16,167,889	+ 1,050,960
Coin	215,362	— 6,794
	1,376,844,121	— 591,888,710
ISSUE DEPARTMENT	£	£
Liabilities		
Notes issued	9,650,000,000	— 250,000,000
In Circulation	9,633,832,111	— 251,050,960
In Banking Department	16,167,889	+ 1,050,960
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,004,442,810	— 347,310,615
Other Securities	1,634,542,090	+ 97,310,615
	9,650,000,000	— 250,000,000

AAC Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Transvaal

Reports of the directors for the quarter ended 31st December, 1979

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	385	446	1 626
Tons milled 000's	1 978	2 121	8 183
Yield—g/t	7.92	8.23	8.22
Production—kg	15 667	17 448	67 282
Cost—R/m 2 mined	175.42	155.38	160.46
—R/ton milled	34.14	32.68	31.88
—R/kg produced	4 311	3 973	3 878
URANIUM OXIDE			
Tons treated 000's	2 022	2 080	6 677
Yield—kg/t	0.18	0.18	0.19
Production—kg	368 382	379 798	1 273 415
PRICE RECEIVED ON SALES			
Gold—R/kg	10 672	8 467	8 041
—$/oz	401	316	298
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	172 530	147 486	551 783
—costs	67 535	69 316	260 913
—Profit	104 995	78 170	290 870
Uranium oxide profit	15 043	15 156	61 769
Acid profit	14	11	51
Net tribute profit	2 217	2 257	7 202
Net sundry income	1 418	2 130	6 234
Dividend from Southvaal Holdings Limited—declared January 1980	9 100	—	9 100
	132 787	97 723	375 226
Deduct:			
Royalty to Southvaal Holdings Limited—estimated	21 433	18 123	66 976
Profit before taxation and State's share of profit	111 354	79 600	308 250
Provision for taxation and State's share of profit	34 071	33 310	108 677
Profit after taxation and State's share of profit	77 283	46 290	199 573
Deduct:			
Appropriation and transfer			
Capital expenditure (after taking account of consumer loans)			97 950
Loan levies—net			5 000
Dividend—interim			36 100
Final			60 800
Retained profit for the year			(277)
Capital expenditure	40 803	23 697	103 877
Loan levies—estimated	2 215	2 349	7 481
CONSOLIDATED PROFIT			
Estimated consolidated profit after taxation and State's share of profit of the company and its wholly-owned subsidiary, Western Reefs Exploration and Development Company Limited	77 287	46 290	199 595
SHAFT SINKING			
No. 9 shaft (South Lease Area)			
Advance—metres	107	119	948
Depth to date—metres	1 428	1 321	1 428
No. 9 ventilation shaft			
Advance—metres	40	—	40
Depth to date—metres	40	—	40

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
VAAL REEF SHAFT AREA							
No. 1	2 166	362	25.7	79.85	2 047	2.43	62.50
No. 2	6 355	360	79.1	26.51	2 097	0.45	35.96
No. 3	1 254	64	15.3	30.71	470	1.26	19.23
No. 4	3 698	206	11.7	87.35	1 022	3.83	44.81
No. 5	5 198	680	28.0	55.39	1 551	1.54	43.20
No. 8	15 019	1 460	92.6	33.21	3 075	0.83	76.46
Quarter ended December 1979	33 690	3 132	62.4	37.26	2 325	0.96	59.72
Quarter ended September 1979	36 853	2 620	59.8	34.57	2 073	0.92	56.00
Year ended December 1979	134 794	11 362	57.0	37.79	2 154	0.94	53.85
"C" reef No. 8							
Quarter ended December 1979	56	—	—	—	—	—	—
Quarter ended September 1979	88	58	23.1	19.78	457	0.46	10.63
Year ended December 1979	416	226	19.9	91.61	1 823	2.18	43.46

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Area under tribute to and developed by Hartebeestfontein Gold Mining Company Limited (not included in totals) Vaal reef							
Quarter ended December 1979	767	100	63.8	47.87	3 056	0.29	18.58
Quarter ended September 1979	525	170	112.5	21.87	2 460	0.28	31.11
Year ended December 1979	1 878	484	101.4	22.97	2 329	0.26	26.51

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Vaal reef							
July 31 1979	R6 810	20 169 000	110.8	14.22	1 576	0.40	44.06
	R7 220	20 509 000	110.6	14.09	1 558	0.39	45.68
	R7 630	20 851 000	110.5	13.95	1 542	0.39	43.40
July 31 1978	R4 610	16 308 000	108.6	15.55	1 689	0.42	45.76
	R5 030	17 100 000	108.4	15.16	1 646	0.41	44.89
	R5 450	17 726 000	108.3	14.89	1 613	0.41	44.25
V.C.R. and Elsburg reef							
July 31 1979	R6 810	2 804 000	124.9	5.32	664	—	—
	R7 220	3 502 000	129.8	4.98	647	—	—
	R7 630	4 372 000	129.6	4.69	608	—	—
July 31 1978	R4 610	94 000	116.0	11.12	1 290	—	—
	R5 030	161 000	123.8	9.89	1 224	—	—
	R5 450	191 000	124.9	9.54	1 191	—	—

DIVIDENDS

Details of the dividends declared in respect of the year ended December 31 1979 are as follows:

	Dividend No. 46 (Interim)	Dividend No. 47 (Final)
Declared	July 19 1979	January 17 1980
Per share	190 cents	320 cents
Payable to members registered	August 3 1979	February 1 1980
Payment date	September 7 1979	March 7 1980

THE AFRIKANDER LEASE AREA

Included in the above are the following capital expenditure and production figures in respect of the Afrikander Lease area.

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
Capital expenditure	R16 332 000	R3 383 000	R21 020 000
Development			
Advance—metres	25	—	25

Production commenced on November 27 1979 and up to the end of the quarter 4 000 tons of ore were treated, yielding 875 kilograms of uranium oxide and 3.35 kilograms of gold.

UNDERGROUND FIRE—No. 8 SHAFT

On January 5 1980 a fire was detected on 81 level at No. 8 shaft. By January 7 1980 the fire had been sealed off and production from the South Lease area for the current quarter will be slightly affected.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1979 totalled R26 899 000.

VAAL REEFS SOUTH LEASE AREA

Included in the above are the following figures in respect of the South Lease area

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	103	120	436
Tons milled 000's	635	707	2 679
Yield—g/t	9.44	10.43	10.29
Production—kg	5 996	7 374	27 560
Cost—R/m² mined	230.72	206.51	211.35
—R/ton milled	37.42	35.05	34.40
—R/kg produced	3 963	3 361	3 344
URANIUM OXIDE			
Tons treated '000s	787	814	2 397
Yield—kg/t	0.19	0.21	0.20
Production—kg	140 505	173 724	486 359
PRICE RECEIVED ON SALES			
Gold—R/kg	10 672	8 467	8 041
—$/oz	401	316	298
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	65 917	62 139	225 090
—Costs	23 764	24 781	92 148
Profit	42 153	37 358	132 942
Uranium oxide profit	5 455	4 399	18 674
Tribute profit	2 324	2 312	7 413
	49 932	44 069	159 029
Deduct:			
Capital expenditure excluding new South uranium plant	10 731	10 873	36 292
Repayment of loan and interest to Southvaal Holdings Limited	232	243	962
Surplus subject to royalty—estimated	38 969	32 953	121 775
Royalty to Southvaal Holdings Limited (55% of surplus—estimated)	21 433	18 123	66 976
Capital expenditure	16 638	14 852	54 992

DEVELOPMENT—SOUTH LEASE AREA

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef							
Quarter ended December 1979	15 019	1 460	92.6	33.21	3 075	0.83	76.46
Quarter ended September 1979	15 108	1 034	88.0	30.57	2 690	0.76	67.04
Year ended December 1979	95 230	4 592	88.2	32.00	2 822	0.77	68.12
"C" reef							
Quarter ended December 1979	56	—	—	—	—	—	—
Quarter ended September 1979	88	58	23.1	19.78	457	0.46	10.63
Year ended December 1979	416	226	19.9	91.61	1 823	2.18	43.46
Area under tribute to and developed by Buffelsfontein Gold Mining Company Limited (not included in totals) Vaal reef							
Quarter ended December 1979	2 492	285	119.9	13.66	1 638	0.44	52.89
Quarter ended September 1979	1 590	228	128.0	11.79	1 509	0.46	59.08
Year ended December 1979	7 455	1 023	120.3	13.38	1 610	0.48	58.31

ORE RESERVES—SOUTH LEASE AREA (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
July 31 1979	R6 810	6 010 000	126.2	17.14	2 162	0.46	58.43
	R7 220	6 048 000	126.0	17.08	2 150	0.46	58.16
	R7 630	6 087 000	126.1	17.03	2 148	0.46	58.14
July 31 1978	R4 610	4 506 000	116.1	18.60	2 159	0.48	56.18
	R5 030	4 616 000	116.7	18.32	2 138	0.48	55.76
	R5 450	4 687 000	117.1	18.15	2 125	0.48	56.23

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1979 totalled R11 294 000.

For and on behalf of the board

D. A. ETHEREDGE, W. R. LAWRIE } Directors

January 16 1980

SOUTHVAAL HOLDINGS LIMITED
and
THE AFRIKANDER LEASE LIMITED

The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 75 484 238 shares of 20 cents each

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
OPERATING RESULTS			
GOLD			
Area mined—centares (square metres) 000's	47	41	119
Tons milled 000's	214	186	582
Yield—g/t	5.28	5.51	5.04
Production—kg	1 128	1 023	2 931
Cost—R/m² mined	159.92	187.37	172.78
—R/ton milled	35.64	36.49	35.49
—R/kg produced	6 756	6 623	7 043
PRICE RECEIVED ON SALES			
Gold—R/kg	10 791	8 531	9 270
—$/oz	406	318	346
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	13 029	9 285	27 797
—costs	7 626	6 779	20 646
—profit	5 403	2 506	7 151
Net sundry income (expenditure)	690	(499)	813
Profit	4 713	2 007	6 338
Capital expenditure	15 759	16 626	69 000
SHAFT SINKING			
Sub Vertical Rock/Ventilation Shaft			
Advance (Headgear portion only)—metres	10	—	10
Dpth to date—metres	10	—	10

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
V.C.R.					
Quarter ended December 1979	6 047	914	50.2	13.09	657
Quarter ended September 1979	5 921	788	54.1	10.78	583
Year ended December 1979	22 604	3 001	57.8	12.79	739

ORE RESERVES

	Based on gold price per Kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t
July 31 1979	R6 810	490 000	124.1	11.22	1 393
	R7 220	504 000	123.9	11.04	1 368
	R7 630	504 000	123.9	11.04	1 368

Ore reserves were estimated at July 31 1979 at a pay limit based on a gold price of R6 810 a kilogram. Also shown are ore reserve tonnages estimated at pay limits based on gold prices of R7 220 and R7 630 a kilogram to indicate the sensitivity of of the ore reserves to gold price variations.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1979 totalled R8 700 000.

PRODUCTION

During the quarter both production and grade were adversely affected by a significant narrowing of the reef widths currently being stoped.

For and on behalf of the board

D. A. ETHEREDGE, W. R. LAWRIE } Directors

January 18 1980

ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 40 000 000 shares of 50 cents each

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Nine months ended Dec. 1979
OPERATING RESULTS			
Slimes treated—tons	4 554 000	4 476 000	13 872 000
Production—			
sulphur in pyrite—tons	37 158	37 684	113 172
uranium oxide—kg	69 815	65 901	195 806
sulphuric acid—tons	96 111	96 357	291 097
oleum—tons	6 917	6 879	20 346
gold—kg	1 450	1 360	4 067
PRICE RECEIVED ON SALES			
Gold—R/kg	10 723	8 332	8 836
—$/oz	403	311	329
FINANCIAL RESULTS	R000	R000	R000
Revenue—gold	16 481	12 034	37 388
—uranium, sulphuric acid and sulphur	8 425	8 251	24 797
Total revenue	24 906	20 285	62 185
Cost of sales	9 104	8 537	25 670
Operating profit	15 802	11 748	36 515
Less: net sundry expenditure	270	467	1 081
Profit	15 532	11 281	35 434
Deduct:			
Appropriations:			
Capital expenditure			8 300
Dividend—interim			10 000
Retained profit for the six months			17 134
Capital expenditure	1 545	4 176	6 545

CAPITAL EXPENDITURE AND COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1979 totalled R1 310 598.

DIVIDEND

The interim dividend of 25 cents a share in respect of the year ending March 31 1980 was declared on October 18 1979 payable to members registered on November 2 1979 and was paid on December 7 1979.

For and on behalf of the board

D. A. ETHEREDGE, W. R. LAWRIE } Directors

January 18 1980

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. ORE RESERVES
   Ore reserves were estimated at July 31 1979 at a composite pay limit based on a gold price of R6 810 a kilogram (1978: R4 610) and taking account of a uranium price which reflects the prices that the companies will receive for their contracted sales in 1980. Also shown are ore reserve tonnages estimated at pay limits based on gold prices of R7 220 and R7 630 a kilogram to indicate the sensitivity of the ore reserves to gold price variations. For these exercises the uranium price was held constant.
2. DIVIDENDS
   Attention is directed to an announcement published in conjunction herewith, relating to the declaration on Thursday, January 17 1980, of final dividends for the year ended December 31 1979.
3. DEVELOPMENT
   Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 6 600 000 shares of 35 cents each

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
OPERATING RESULTS			
GOLD			
Tons milled 000's	324	315	1,285
Yield—g/t	1.04	1.20	1.24
Production—kg	339	378	1,595
*Cost—R/ton milled	9.33	8.39	8.08
—R/kg produced	8 885	6 992	6 513
PRICE RECEIVED ON SALES			
Gold—R/kg	10 944	8 377	8 099
—$/oz	411	312	300
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	3 965	3 419	13 449
—Costs	3 012	2 643	10 389
—Profit	953	776	3 060
Sale of salvaged equipment and scrap	3	1	12
Sale of rock dump	—	—	915
Net sundry revenue	190	169	1 001
Profit before taxation	1 146	946	4 988
Taxation—estimated	317	427	2 137
Profit after taxation	829	519	2 851
Deduct:			
Appropriation:			
Capital expenditure			307
Dividend—interim			1 320
—final			1 320
Transfer from reserve			(96)
Prospecting expenditure	28	16	104
Capital expenditure	328	—	331

* Including cost of acquisition of dump material.

OPERATIONS

Since ceasing underground mining at the end of 1976, the company has continued treating waste rock and crushing-plant slimes from various locations on the East Rand.

PROSPECTING

As previously reported, difficulties have been experienced in the drilling of borehole SRK.1 resulting in the need to carry out a series of deflections.

In respect of the long deflection which commenced at 2 845 metres, the latest drilling in certain subsidiary deflections has, in three instances, at depths ranging from 3 022 to 3 028 metres, encountered a faulted contact eliminating the main reef leader, and which gave negligible values. A further deflection has been commenced from a depth of 2 950 metres in an attempt to obtain an unfaulted reef intersection.

Orders placed and outstanding as at December 31 1979 totalled R71 217.

DIVIDEND

Details of the dividends declared in respect of the year ended December 31 1979 are as follows:

	Dividend No. 76 (Interim)	Dividend No. 77 (Final)
Declared	July 19 1979	January 17 1980
Per share	20 cents	20 cents
Payable to shareholders registered	August 3 1979	February 1 1980
Payment date	September 7 1979	March 7 1980

For and on behalf of the board

D. A. ETHEREDGE, W. R. LAWRIE } Directors

January 18 1980

WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 000 000 shares of R2 each

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	190	195	746
Tons milled 000's	830	827	3 241
Yield—g/t	15.06	15.22	14.78
Production—kg	12 501	12 584	47 890
Cost—R/m² mined	163.10	165.63	161.43
—R/ton milled	37.32	38.96	37.15
R/kg produced	2 478	2 561	2 514
Uranium oxide			
Tons treated 000's	240	215	906
Yield—kg/t	0.22	0.22	0.22
Production—kg	53 145	47 800	199 002
PRICE RECEIVED ON SALES			
Gold—R/kg	10 830	8 414	8 239
$/oz	407	313	306
FINANCIAL RESULTS	R000	R000	R000
Gold—Revenue	139 859	107 089	401 369
—Costs	30 976	32 222	120 417
—Profit	108 883	74 867	280 952
Uranium oxide profit	2 967	2 803	9 484
Net sundry income	1 888	1 676	6 434
Profit before taxation and State's share of profit	113 738	79 346	296 870
Provision for taxation and State's share of profit	54 382	40 250	138 527
Profit after taxation and State's share of profit	59 356	39 096	158 343
Deduct:			
Appropriation and transfer:			
Capital expenditure			72 570
Loan levies—net			6 500
Dividend—interim			23 750
—final			56 250
Transfer from reserve			(727)
Capital expenditure	30 634	12 957	72 749
Loan levies—estimated	3 858	2 883	10 144

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Carbon Leader Shaft area							
No. 2	3 590	100	49.3	33.45	1 649	0.53	25.93
No. 3	4 456	32	28.8	87.33	2 515	0.82	23.52
Quarter ended December 1979	8 046	132	44.3	41.96	1 859	0.57	25.35
Quarter ended September 1979	9 055	222	29.2	147.33	4 302	0.66	19.19
Year ended December 1979	33 946	628	32.7	99.05	3 239	0.72	23.58
V.C.R. Shaft area							
No. 2	1 925	44	114.5	38.38	4 394	—	—
No. 3	874	100	110.6	15.46	1 710	—	—
Quarter ended December 1979	2 799	144	111.8	22.63	2 530	—	—
Quarter ended September 1979	3 160	88	47.7	163.08	7 779	—	—
Year ended December 1979	10 855	422	85.6	49.63	4 248	—	—

ORE RESERVES (See note 1)

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Carbon Leader							
July 31 1979	R6 810	2 898 000	102.4	24.60	2 519	0.25	25.9
	R7 220	2 898 000	102.4	24.60	2 519	0.25	25.9
	R7 630	2 936 000	102.4	24.38	2 497	0.25	25.8
July 31 1978	R4 610	3 016 000	101.3	24.70	2 502	0.25	25.2
	R5 030	3 047 000	101.3	24.54	2 486	0.25	25.1
	R5 450	3 047 000	101.3	24.54	2 486	0.25	25.1
V.C.R.							
July 31 1978	R3 610	2 154 000	132.6	13.84	1 833	—	—
	R7 220	2 395 000	133.1	13.10	1 744	—	—
	R7 630	2 461 000	132.5	12.92	1 712	—	—
July 31 1978	R3 610	2 154 000	132.6	13.84	1 833	—	—
	R5 030	2 323 000	131.3	13.34	1 751	—	—
	R5 450	2 395 000	131.3	13.13	1 724	—	—

DIVIDENDS

Details of the dividends declared in respect of the year ended December 31 1979 are as follows:

	Dividend No. 35 (Interim)	Dividend No. 36 (Final)
Declared	July 19 1979	January 17 1980
Per share	95 cents	225 cents
Payable to members registered	August 3 1979	February 1 1980
Payment date	September 7 1979	March 7 1980

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at December 31 1979 totalled R6 032 000.

For and on behalf of the board

G. LANGTON, W. R. LAWRIE } Directors

January 18 1980

EAST DAGGAFONTEIN

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 730 000 shares of R1 each

	Quarter ended Dec. 1979	Quarter ended Sept. 1979	Year ended Dec. 1979
FINANCIAL RESULTS	R000	R000	R000
Royalties	110	40	306
Sundry revenue	17	38	86
Realisation of unlisted investments	28	—	28
	155	78	420
Deduct:			
Costs	52	27	135
Surplus before taxation	103	51	285
Taxation—estimated	27	43	113
Surplus after taxation	76	8	172

DIVIDEND

Dividend No. 73 amounting to R373 000, equivalent to 10 cents a share, was declared on January 17 1980 payable to members registered on February 1 1980 and will be paid on or about March 7 1980. This dividend will be met in part from retained profit brought forward.

The previous dividend (No. 72) amounting to R933 000, equivalent to 25 cents a share, was declared on July 20 1978 and paid to members on September 8 1978.

ACTIVITIES

At the Annual General Meeting held in April 1979 the Chairman, in response to a question, stated that it was possible that the company would be in a state to be wound up towards the end of 1980. However, because of the increase in the gold price and the prospect therefore of the company continuing to earn profits it will not be wound up in 1980.

For and on behalf of the board

D. A. ETHEREDGE, W. R. LAWRIE } Directors

January 18 1980

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Oil majors up sharply in final quarter

By David Lascelles in New York

U.S. OIL MAJORS have begun to predict sharply higher earnings for the past quarter of 1979. Standard Oil of California, the country's fourth largest oil group is predicting an advance of 70-75 per cent, according to Mr. Howard Bell, financial vice-president. (In the 1978 fourth quarter, Socal earned $358m, or $2.10 per share.)

Mr. Bell also said that full year earnings of $10.50 to $11 per share would be a "good guess." Most of this increase would come from foreign operations, he implied, since domestic profits would only rise by about 15 per cent.

Socal expects its 1979 sales to be up 20 to 22 per cent from the $24.6bn of 1978.

On Wednesday, Mr. John Bookout, president of Shell Oil, said his company's earnings rose about 20 per cent in 1979 to just over $1bn, or about $7.25 a share. (In 1978, Shel Oil earned $814m, or $5.45 a share on revenue of $11.1bn.)

Mr. Bookout also revealed that Shell Oil, which is majority-owned by the Royal Dutch Shell group, plans to spend about $2.7bn in capital investment during 1980. This sum excludes the $3.65bn Shell spent to acquire Belridge Oil at the end of last year. Texaco also reported yesterday that it had received payment of about $622.6m in exchange for its 17.04 per cent interest in Belridge. Texaco said it received the payment without prejudice to its suit alleging that Shell intends to liquidate Belridge in a manner which discriminates against Texaco.

Generally, Wall Street analysts expect oil earnings to be up in the fourth quarter, although not as sharply as in the third quarter when fast-rising petroleum prices turned oil profits into a hot political issue. Most oil companies are expected to report towards the end of this month.

Rosario shares fall back as Amax withdraws offer

BY IAN HARGREAVES IN NEW YORK

THE SHARE price of Rosario Resources slipped back sharply in New York yesterday as the prospects of a bidding war for the metals, mining and natural resources company receded.

Late on Wednesday, the company announced that it had mutually agreed with Amax, a Connecticut-based metals and natural resources group, to suspend negotiations on a cash and stock swap offer worth about $55 a share to Rosario shareholders.

Rosario also moved to delay a counter bid worth $65 a share in cash from Hudson Bay Mining and Smelting of Toronto in a New York State Court. The total value of the Hudson Bay bid is in excess of $400m although the Toronto company already owns 9.8 per cent of Rosario.

Yesterday, Rosario said it was looking at a number of offers and potential offers. Amax, meanwhile, withdrew its $55 a share offer but said it was considering other options.

Rosario's share price, which had leapt over the $71 mark on Wednesday, slipped back to $66⅞, more closely in line with the Hudson Bay tender.

The problem for the Rosario management is to make an accurate assessment of the value and earnings potential of the company at a time when the soaring price of silver is daily transforming its profit expectations and the value of its silver mining interests in Latin America.

Mr. Robert M. Reininger, Rosario's chairman, said that every dollar per ounce increase in the price of silver would lift Rosario's income by 40 cents a share. Earlier in the week, Rosario had reported doubled net earnings of $31.6m last year or $5.17 per share.

Mr. Reininger noted that the price of silver had increased by almost 200 per cent since the terms of the Amax bid were negotiated towards the end of last year.

$170m bid for Remington Arms

BY OUR NEW YORK STAFF

ALLEGHENY LUDLUM, the Pittsburgh-based steel and industrial group, yesterday launched a $170m takeover bid for the Remington Arms guns and ammunition company.

News of the bid came on the day that Remington Arms' shareholders were meeting in Wilmington, Delaware, to vote on an offer from the Du Pont chemical company to pay between $23 and $24 a share in Du Pont stock for the 30 per cent of Remington which the chemicals giant does not already own.

Allegheny's bid is valued at $26 a share in cash, but Du Pont said yesterday that it was not interested in the offer.

Du Pont was, however, obliged to extend the polling period for the minority shareholders in Remington to allow them to consider the new situation.

Allegheny, which says it has discussed the purchase of Remington with Du Pont on several occasions, said that it did not regard the matter as closed, but would be waiting for the outcome of the minority shareholders' vote on the Du Pont stock offer before taking further action.

Allegheny has been building up its range of specialised businesses in a steady acquisitions programme in recent years. Last year it bought two West Coast companies, one a manufacturer of computer peripherals, the second engaged in anti-fire devices.

Du pont has a large civil explosives division, but does not have any other business in the area of Remington's predominantly sporting guns and ammunition operations. In 1978, Remington earned $19.4m on sales of $259.4m.

Sharp rise in profit at Marsh and McLennan

By Our New York Staff

MARSH AND McLENNAN, the largest U.S. insurance broker which is currently trying to take over C. T. Bowring of London, yesterday reported a gain in fourth quarter earnings.

Net income was $16.6m or $1.19 a share, up 14 per cent on the $14.6m (or $1.05) earned in the same period of 1978. Revenues were also up 14 per cent, to $131.9m.

These results brought Marsh's full year earnings to $82.2m or $5.90 a share, up 20 per cent on 1978's $68.4m or $4.91. Full year revenues were $530.4m, up from $476.4m.

Marsh reported that expenses were up 18 per cent in the last quarter, which was slightly above the year's average of 13 per cent, but expense controls remain stringent.

Other factors affecting Marsh's results included the loss of equity income from the sale of its 20 per cent interest in Bland Payne during the year, higher interest income, and a number of "unusual transactions," mainly divestitures.

Marsh also revealed yesterday that it is selling its Western Travelers Life Insurance Company, based in San Raphael, California. Marsh expects to make a loss on the deal, offsetting the gain on its earlier divestiture of Landauer Associates.

Costs and declining Jeep sales hit AMC earnings

BY OUR NEW YORK STAFF

THE EARNINGS of American Motors (AMC) the smallest of the U.S. car manufacturers, continue to be hit by declining Jeep sales and tough pricing conditions in a generally depressed market.

In AMC's first fiscal quarter ended December 31, net earnings were $12.8m on sales of $789m, compared with $26.2m and $715m for the same period a year ago. Profits in the previous year's corresponding period, however, were lifted by an extraordinary tax credit of over $7m.

Mr. Gerald C. Meyers, chairman, said that although Jeep sales were sharply down, this partly reflected planned production switches to other models. Car sales have been strong, however, and AMC expected these sales trends to continue. In the quarter, worldwide car sales were up 42 per cent to almost 66,000 units, whereas Jeep sales, which have been hit by the higher price of petrol, slumped by 30 per cent to 37,600 units.

For last year as a whole, AMC increased its share of the US car market slightly from 1.8 to 1.9 per cent, selling 162,000 units, not including its Renault imports. The company is in the process of planning a joint assembly operation in the U.S. with Renault.

The company says the main reason for the decline in first quarter earnings is the impossibility of raising prices in line with costs in a depressed market and because of the switch in production away from Jeeps, which are more profitable than cars.

Last year as a whole is generally considered a watershed period for AMC which was able to make its first dividend payment for five years.

Mitsubishi seeks closer Chrysler links

TOKYO—Mr. Yoshitoshi Sone, the president of Mitsubishi Motor Corporation plans to visit the U.S. next month for talks with Chrysler Corporation on closer links, including a joint development of small trucks, which Chrysler wants to market in the U.S. from 1983.

The proposed establishment of a new sales network for Mitsubishi cars in the U.S. is to be taken up at the talks.

Chrysler has a 15 per cent stake in Mitsubishi Motor.

Mitsubishi Motor and Mitsubishi Corporation, Mr. Sone said, proposed to increase their stake in Chrysler Australia to a majority share, from the present 33.7 per cent, by mid-1980.

Last May the two Japanese companies, in the Mitsubishi group(acquired a 33.7 per cent interest in Chrysler Australia on an equal basis.

Mitsubishi Motor plans to produce 600,000 vehicles for the domestic market this year, up 6.2 per cent from last year and 435,000 for export, up 16.3 per cent.

Reuter

Good year at Transamerica

BY OUR FINANCIAL STAFF

AN INCREASE in earnings for 1979 from $3.13 to $3.64 at Transamerica, the insurance, film and consumer finance group, is above Wall Street expectations. The company expects another improvement in 1980, and comments that transportation, finance and insurance all contributed to the upturn. The United Artist subsidiary turned in higher sales but its profits were hit by higher costs.

For the year net earnings showed a gain of 15 per cent to $238.8m, on sales 14 per cent higher at $4.04bn. A substantial boost came in the final quarter when earnings jumped by 27 per cent to $56.2m with share earnings at 86 cents against 67 cents.

Substantial increases in earnings from life assurance, which in the previous year contributed some 32 per cent of Transamerica's earnings. Property-casualty insurance, which turned in about 19 per cent of the 1978 earnings total, was also expected to record another strong rise.

Of the other major earnings divisions, travel services (10 per cent in 1978) was expected to benefit from strong growth and manufacturing (12 per cent) hoped to show improved results as a consequence of a higher volume of turnover.

Operating income has strengthened since the first half of the year when profits were ahead by only 13 per cent. In July last year, Transamerica bought up Interway Corporation a major lessor of transportation equipment which earned some $24.6m in 1978.

Higher interest rates are believed to have been putting pressure on consumer finance earnings although the view for this division remains optimistic in the near term according to analysts.

There was no news yesterday on the outlook for the dividend. Some analysts have predicted an increase from the 25 cents quarterly payment of recent years.

ERC rejects higher offer

By Our Financial Staff

ERC CORPORATION, the Kansas City-based reinsurance company, said a special meeting had decided that its Board cannot recommend nor support Connecticut General's increased takeover offer in a deal which values the total ERC equity at around $547m. Last week Connecticut General made a bid of $90 a share, raising its offer of $80 several months ago which had been rejected by ERC.

The Kansas City company said that it still believes a combination with Connecticut General would be against its best interests and would violate an order by the Missouri insurance director on the grounds that the merger would tend to lessen competition in the insurance industry in Missouri.

ERC said that it is concerned that a similar violation of State law might exist in Kansas where hearings are being conducted before the Kansas insurance department.

Problem for Eurosterling bond

BY NICHOLAS COLCHESTER

THE LAUNCH of the £50m Eurosterling bond for Citicorp Overseas Finance was yesterday rendered more problematic by a setback in the gilts market after over a week of continuous gain, and by an erratic sterling exchange rate.

Mr. Stanley Ross of Ross and Partners viewed the issue prospects with guarded optimism and reported no buyers or sellers at his pre-market quote of less 1½ per cent. If the normal Eurobond selling concession is subtracted from an offering price of par the 13½ per cent coupon for 10 years yields about 13¾ per cent. This compares with an AIBD-equivalent yield on the 13 per cent 1990 gilt edged stock last night of 14.49 per cent.

The news of the big issue had its impact on the prices of other eurosterling bonds yesterday, pushing their yields up towards the coupon offered by Citicorp, but, in most cases, still leaving them short of it. The GEC 12¼ per cent 1989, for instance, lost one quarter of a point and was yielding 13.36 per cent at the close. Though closely held, this paper is said to compare with the new issue in maturity and quality.

In the dollar sector of the market dealers reported a slight easing in prices as the New York bond market opened on a weak note. The dollar exchange rate was steady, however, and the three month eurodollar interest rate eased a little to a fraction under 14 per cent.

The tone in the DM sector continues to be undermined by high short term interest rates—overnight money was 8.6 per cent yesterday.

Fed firm on HK Bank case

WASHINGTON — The Federal Reserve Board (FRB) will not reconsider its decision to allow Hongkong and Shanghai Banking Corporation to acquire 51 per cent of Marine Midland Banks.

Giving "exceptional treatment" to this case would set an "undesirable precedent," said a letter from Mr. Paul A. Volcker, the chairman.

The letter was sent to Representative Benjamin S. Rosenthal, D (NY), who had requested that the Board reverse its March approval of the takeover.

New York State banking officials have delayed approving the takeover. Marine Midland has applied to the Comptroller of the Currency for a Federal Banking charter in an effort to circumvent the State opposition.

AP-DJ

Champion International setback

BY OUR FINANCIAL STAFF

CHAMPION INTERNATIONAL, the plywood, pulp and paper group, blamed a slowdown in housing starts for its downturn in the fourth quarter of 1979 from $47.16m to $42.88m, 91 cents a share compared to 78 cents, although sales rose from $875.7m to $919.6m.

But over the whole year there was a rise to $247.12m from $203.75m in 1978, or $4.70 a share against $4.05. Sales rose from $3.48bn to $3.75bn.

The 1978 figures exclude an extraordinary charge from settlement of anti-trust suits of $21.52m or 45 cents a share in the quarter and $35.06m or 73 cents a share in the year.

Champion's white paper business in the U.S. and Brazil improved although rising costs of energy, materials and labour tempered the rate of increase in the second half.

Champion's packaging division also showed an improvement on 1978.

Income from the building materials division was 8 per cent lower in 1979 than in 1978. As the housing market weakened in the latter half of the year prices for lumber and plywood fell sharply.

Bank of China co-leads HK loan syndicate

BY PHILIP BOWRING IN HONG KONG

HONG KONG'S money market has entered a new era with the signing of a loan in which the Bank of China led the syndication, in conjunction with Hong Kong and Shanghai Banking Corporation and Chase Manhattan Bank.

The loan of HK$617m (equivalent to some US$125m) for the China Cement Company (Hong Kong) is also the largest Hong Kong dollar syndicated loan ever assembled, and the largest loan of any kind for an industrial undertaking in Hong Kong. The funds will be used for the construction of a HK$1.1bn cement plant at Tap Shep Kuk in the New Territories.

China Cement, like the syndicate of three banks, combines communist Chinese, Hong Kong capitalist and American interests. Kaiser Cement of California has a 40 per cent interest and 60 per cent is held by Forward Industrial Company, in which China's Kiu Yip Investment Corporation has a 33 per cent stake. The rest of Forward is divided equally between the property developer, Cheung Kong and the cement producer, Green Island Cement. Both are controlled by Mr. Li Ka-Shing.

The loan is for ten years with a four-year grace period. Half is at a margin over the Hong Kong Interbank rate and the other half at a margin over the local prime rate. The size of the margins has not been disclosed, but it is likely that a large part — perhaps the majority—of the loan will not be drawn in Hong Kong dollars, or even drawn directly.

The borrower has an option to draw all or part in U.S. dollars and there is an option to use the facility as a guarantee for an export credit rather than a direct loan if export credits from equipment suppliers are obtainable on favourable terms.

The company will be tendering worldwide for the plant, which will be large and highly automated with a capacity of 1.4m tons a year—a little more than half Hong Kong's current consumption.

It will run on coal which will almost certainly come from China.

Land for the plant has been acquired from the Government under private treaty. The site is next to a large new electric power station, which will use Chinese coal.

Of the total cost of the project, the equity component will HK$400m. Production is due to start in 1982.

CANADIAN NEWS

Alsands to go ahead with tar sands project

BY ROBERT GIBBENS IN MONTREAL

THE ALSANDS GROUP has decided to go ahead with site preparation for Alberta's third tar sands mining project, without provincial or federal guarantees of full approval. Alsands will spend $9m under provisional licences to clear muskeg from the site by next March.

The group, which is led by Shell Canada, now estimates that the total cost of its 140,000 barrels per day synthetic oil project will be nearly $7bn, including infrastructure, by the time it comes on stream in 1985. One reason for the delays in approvals is the federal election on February 18. Both the Alberta and the federal governments were unable to reach agreement on domestic oil prices before the election was called.

Mr. D. W. Menzel, vice-president of Shell Canada, said that if work was not started now on the site preparation, a whole year would be lost on construction of the total project. "We are taking a chance that all necessary authorisations will be forthcoming," he said. Alsands has already spent around $100m on the feasibility studies and preparations for the project.

The group has been criticised by the Alberta Conservation Board on the location of the processing plant and the very large tailings operations required. The technology being used is similar to the open pit mining and hot water processing at the two earlier plants in the same area near Fort McMurray. The process uses large amounts of water and creates large volumes of sand and coke.

The Alsands group comprises Shell, with a 25 per cent stake, Shell Explorer of the U.S. (20 per cent); Amoco Canada Petroleum (10 per cent), Chevron Standard (8 per cent), Dome Petroleum (4 per cent), Gulf Canada (8 per cent), Hudson's Bay Oil and Gas (8 per cent), Petro-Canada (9 per cent) and Petrofina Canada (8 per cent)

● Dominion Textile, the largest textile producer in Canada, earned C$9.1m or 96 cents a share in the second quarter ended on December 31, against C$5.6m or 67 cents a year earlier. Sales rose by 15 per cent to C$190m.

First-half earnings were C$13.4m or C$1.39 a share, against C$8.1m or 98 cents a year earlier, on sales of C$351m against C$287m. The company said that the outlook for the rest of the year is good.

U.S. QUARTERLIES

ALBERTO-CULVER

First quarter	1979 $	1978 $
Revenue	49.2m	43.2m
Net profits	783,000	635,000
Net per share	0.19	0.15

BECKMAN INSTRUMENTS

Second quarter	1979 $	1978 $
Revenue	133.7m	98.1m
Net profits	8.87m	6.74m
Net per share	0.45	0.38
Six months		
Revenue	251.7m	191.1m
Net profits	16.79m	13.0m
Net per share	0.89	0.74

CINCINATTI BELL TELEPHONE

Fourth quarter	1979 $	1978 $
Revenue	76.9m	71m
Net profits	9.58m	9.84m
Net per share	1.15	1.24
Year		
Revenue	300.3m	275.7m
Net profits	41.9m	41.4m
Net per share	5.16	5.20

EASTERN GAS AND FUEL

Fourth quarter	1979 $	1978 $
Revenue	225.1m	210m
Net profits	17.8m	18.4m
Net per share	0.85	0.85
Year		
Revenue	860m	665.9m
Net profits	47.9m	12.8m
Net per share	2.27	0.59

JOSTENS

Second quarter	1979 $	1978 $
Revenue	68.6m	60.4m
Net profits	4.11m	2.41m
Net per share	0.51	0.43
Six months		
Revenue	112.8m	100.8m
Net profits	5.12m	4.25m
Net per share	0.64	0.54

OLIN

Fourth quarter	1979 $	1978 $
Revenue	441m	408m
Net profits	15.5m	14.7m
Net per share	0.64	0.62
Year		
Revenue	1.8bn	1.6bn
Net profits	71.1m	62.8m
Net per share	2.97	2.62

OUTBOARD MARINE

First quarter	1979 $	1978 $
Revenue	114.5m	121m
Net profits	†1.53m	†4.79m
Net per share	†1.38	†0.57
† Loss		

PENNWALT

Fourth quarter	1979 $	1978 $
Revenue	283.2m	232m
Net profits	11.9m	10.6m
Net per share	1.20	1.06
Year		
Revenue	1.07bn	921.4m
Net profits	50m	45m
Net per share	5.01	4.54

PULLMAN

Fourth quarter	1979 $	1978 $
Revenue	931.2m	771.6m
Net profits	11.27m	20.89m
Net per share	1.01	1.90
Year		
Revenue	1.71bn	2.58bn
Net profits	93.7m	73.6m
Net per share	8.50	6.71

SEABOARD COAST LINE INDS

Fourth quarter	1979 $	1978 $
Revenue	585.9m	490.2m
Net profits	65.7m	31.1m
Net per share	3.09	2.13
Year		
Revenue	2.1bn	1.7bn
Net profits	132.0m	67.7m
Net per share	9.06	4.04

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89¾	90¼	0	+0¼	11.81
Alex Howden XW 9½ 91	30	75¾	76⅞	+0¼	−1¼	13.71
Aquitaine Can. 11¼ 85	30	96½	97	0	−0¼	12.15
Australian Res. 9⅝ 84	30	91¾	92¼	+0⅛	+0⅛	11.97
Avco O/S Cap. 10¼ 87	40	81½	82¼	−0⅛	−0¼	14.38
Beneficial Fin. 9¾ 87	100	89¼	89⅞	−0⅛	−0¼	11.89
CECA Grad. Rate 12 86	100	96¾	96⅞	0	−0¼	12.75
CECA 9⅞ 99	125	†80¼	80¾	+0⅛	−0⅞	12.81
Canadian Pacific 9¾ 89	50	89¼	89⅝	−0¼	−0¼	11.66
Carter Hawley 9⅞ 86	50	89½	90	+0¼	0	12.10
Comalco Inv. E. 10⅞ 91	40	90	90½	0	−0⅛	11.82
Continental Grp. 9⅝ 86	100	89½	90	0	−0⅛	11.96
Dome Petroleum 10 94	50	87¾	88½	−0⅛	−1¼	11.72
Dominion Bridge 10¼ 84	30	94½	95	0	−0¼	11.80
EIB 11¾ 92	80	96¾	97¼	−0½	−0¼	12.26
EIB 10 99	150	84⅞	85⅞	+0¼	−0⅛	12.31
EIB 10¼ 87	100	91¼	92	−0¼	−1¼	12.24
EIB 10.15 99	100	85⅞	86⅞	+0¼	0	12.33
Ekoportfin 11¾ 87	50	96	96½	+0¼	+0¼	12.07
Export Dv Cpn 9¾ 84	100	91⅝	92⅛	0	0	11.84
Export Dv Cpn. 9⅝ 84	150	93	93½	−0¼	−0⅛	11.69
Finland 9⅝ 89	100	87¼	88¼	0	−0⅞	12.16
GTE Finance 9¾ 89	55	[illegible]	89⅝	+0¼	+0¾	11.64
GMAC 9¾ 86	100	88⅞	89⅜	0	−0¼	11.73
GMAC O/S Fin. 11 84	100	97¼	97¾	0	−0⅛	11.68
Gould Int. Fin 9⅞ 85	50	91⅞	92⅜	−0⅛	−0¾	11.87
ITT Antilles 9½ 89	75	86⅝	87⅛	+0⅞	+0⅛	11.89
Kennecott Int. 9½ 86	100	86¾	87¼	−0¼	−0⅞	12.57
Manitoba 9½ 89	75	85½	86¼	0	−0¼	12.02
Michelin 10 94	125	87⅞	88⅞	0	0	11.72
Nat. Des. Telecm 9½ 86	100	90	90½	+0¼	−0½	11.72
New Brunswick 9⅞ 94	75	85½	86	−0¼	−0¼	11.87
Newfoundland 10 94	60	88⅜	88⅞	0	−0¾	11.67
Norges Komm 9⅞ 99	100	84¼	85¼	0	−0⅞	12.25
Norway 9½ 84	150	92⅜	92⅞	0	0	11.75
Nova Scotia Pwr. 9⅞ 89	50	88	88½	−0¼	0	11.88
Occidental Fin 10½ 84	50	94½	94⅞	+0½	+0⅞	11.93
Orient Leasing 9½ 86	25	88¼	88¾	+0¼	+0¼	12.14
Pennwalt O/S F. 9¾ 84	25	92⅛	92⅝	+0¼	+0¼	12.01
Pepsico Cap. 9¼ 84	100	92⅜	92⅞	0	−0¼	11.58
Quebec Hydro 10 99	75	85¾	86¼	−0¼	−0½	11.86
Sears Roebuck 9 82	150	94¼	94¾	+0½	+0¼	12.13
Statoil 9⅞ 89	100	87⅞	88⅞	−0½	−0¼	11.64
Sweden 9⅝ 89	100	88⅜	88⅞	−0⅛	−0¾	11.84
Sweden 9½ 86	200	90⅛	90⅝	0	−0¾	12.02
Sweden 9⅜ 84	100	93⅛	93⅝	0	0	11.65
Unilever NV 9¼ 87	100	88⅜	88⅞	0	0	11.61
Warner-Lambert 9 84	100	91⅜	91⅞	+0⅛	+0⅛	11.47

Average price changes. On day 0 on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 8 87	100	97¾	98½	+0⅛	0	8.33
Argentina 7½ 89	150	92¾	93¼	0	−0⅛	8.62
Asian Dev Bk 7¼ 89	100	93	93½	−0⅛	−1¼	8.27
Barclays O'seas 6⅞ 89	100	†92½	93	−0¼	−2½	7.87
Brazil 8 87	150	95¼	96⅛	−0½	−0½	8.73
CECA 7 91	150	93½	94	−0½	−0½	7.87
Council of Eur. 7¼ 89	100	94⅞	95⅝	−0¾	−0⅝	7.98
EEC 7⅞ 94	225	97¾	98¼	−0¼	−0¼	8.11
EIB 7½ 89	200	97¼	98	0	−0¼	7.86
EIB 8½ 89	100	—	—	—	—	—
Finland, Rep. of 8 86	150	98½	98⅞	−0⅛	−0½	8.31
Kobe, City of 7¼ 89	150	97¼	97⅞	0	−0¼	7.49
Mitsubishi Chem 6½ 84	70	96¼	96⅞	−0⅛	−0¼	7.47
Neder. Gasunie 8 86	100	†102½	103	−0⅞	−0½	7.47
New Zealand 7½ 87	200	96⅞	97¾	−0¼	−0½	7.60
Nippon Kokan 6½ 84	100	94⅞	95¼	0	−0¼	8.01
Nippon Tel. & T 9½ 87	100	86¼	86⅞	−0½	−1¼	8.09
Norges Komm. 7¾ 91	150	†100	101	0	−0¼	7.67
Norway 6¾ 84	200	97¼	98	0	−0¼	6.91
OKB 6 87	40	†88½	89½	0	−0⅝	8.11
OKB 7⅞ 88	100	96¾	97½	−0½	−0½	7.80
Tokyo Elec. Pwr. 6½ 85	200	†94	95	−0¾	−1½	7.80
World Bank 7⅞ 91	400	96¼	97½	−0⅛	−1¼	8.19
World Bank 7⅞ 90	250	97¼	97¾	−0¼	−0½	8.27

Average price changes. On day −0¼ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 89	80	94⅝	94¾	0	+0½	6.24
Aumar 5 89	60	93½	94	−0½	−0¼	5.86
Australia 3⅝ 89	250	91	91¼	−0⅛	−0⅝	4.84
Bergen City of 4½ 91	40	96½	97	+0⅛	+0½	5.13
BNDE 5 89	75	87½	88	−0½	−1¼	6.78
BMW Overseas 4½ 91	100	93½	94	−1¼	−1¼	4.96
Caisse Nat Tele 4¾ 89	100	94½	95	−0¾	−0¼	5.08
Canada 3⅞ 89	300	92⅛	92⅝	+0¼	+0¼	4.86
Copenhagen 4½ 91	60	93¼	93½	+0¼	−0⅝	5.27
Council of Eur 5 89	100	96¼	96¾	−0¼	+0¼	5.59
EIB 4¾ 91	100	91	91½	−0⅞	−0½	5.55
EIB 4⅞ 94	100	86¾	87	−0¼	−0⅞	5.72
Elet. de France 4½ 89	100	95½	96	−1	−1¼	4.94
GZB 4¼ 89	100	91	91½	−0¼	−0½	5.42
Hilti 4½ 91	35	95	95¾	−0¾	+0½	4.77
ICI Fin NV 3½ 94	230	81	81½	0	−0¼	6.40
Int.-Amer. Dev. 4½ 89	100	90¼	90¾	−0½	−0½	5.62
Malaysia 5 89	80	88½	89¼	−0¾	−1	6.54
Nippon Tel. & T. 4⅝ 89	100	96	96¾	−0¾	−1⅛	4.87
Nordic Bank 5 89	45	99¾	100	−0⅝	−0½	5.01
Norges Komm. 4⅝ 91	100	91½	91¾	−0¼	−0¼	5.38
OKB 3⅞ 91	100	83½	84	−0¼	−0¼	5.76
OKB 4⅞ 91	100	89¼	89½	−0½	0	5.86
Oslo, City of 4½ 91	100	88⅞	89¼	−0¼	−0¼	5.88
Shikoku El. Pwr. 4¾ 89	100	96½	97	−0½	−0¼	5.18
Spain 4 91	100	87⅜	87¾	−0¼	−0¼	5.61
Staweag 4⅞ 91	60	94¾	95	−1	−2	5.37
Voest-Alpine 4⅝ 89	90	95½	96	−1	−2½	5.22
World Bank 4¼ 89	100	97½	97¾	+0⅛	−0½	4.94
World Bank 4¾ 89	150	93½	93¾	−0¼	−0¼	5.23
World Bank 4½ 91	100	92½	92¾	−0½	−1	5.53

Average price changes. On day −0¼ on week −0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90¾	91¼	0	+0¼	8.62
Australia 6½ 88	20	86¼	86¾	0	+0⅞	8.37
EIB 7⅞ 89	12	97¾	98¼	0	−0⅛	7.89
Finland 5.8 83	10	89⅞	90⅛	0	+0¼	8.88
Finland 6.8 88	10	87½	88¼	0	+0¼	8.96

Average price changes On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅞ 86 C$	25	87½	88½	0	+0¼	13.06
Bell Canada 10⅝ 86 C$	60	92⅞	93¾	0	−0¼	12.28
Cr. Foncier 10⅝ 84 C$	30	90⅜	91	−0½	+0⅛	13.15
Ex. Dev. Cpn 10 84 C$	50	92¼	92¾	0	+0⅛	12.26
Fst. Can. Inv. 10 84 C$	50	90¾	91¼	0	−0⅛	12.79
Hudson Bay 10½ 89 C$	50	89⅝	90⅜	0	+0⅞	12.33
Quebec 10⅝ 86 C$	50	90⅜	91½	0	−0⅛	12.34
R Bk. Canada 10 86 C$	40	91⅞	92¼	0	−0⅛	11.87
R Bk. Canada 10 94 C$	40	84⅞	85¼	0	−0⅞	12.23
Copenhagen 8¾ 91 EUA	20	98⅜	98⅞	0	+0¼	8.84
M Bk. Dnmk 9 91 EUA	25	†95½	96½	−0½	−0½	9.57
SOFTE 8¾ 89 EUA	40	88⅞	89⅞	0	+0½	10.05
Algemene Bk. 8¾ 84 Fl	75	97½	98	+0⅛	+0⅛	8.84
Amev 8½ 86 Fl	75	97⅞	98⅜	0	−0⅛	8.87
Ned. Middbk. 8⅞ 84 Fl	75	96¾	97¼	+0⅛	+0⅛	9.16
Norway 8⅞ 84 Fl	100	98⅜	98⅞	0	+0⅞	9.33
Norway 8⅞ 84 Fl	100	96	96½	0	0	9.25
Rabobank 9 84 Fl	25	101	101½	0	+0¼	8.66
Air France 11 84 FFr	120	97½	98½	+0¼	−0¼	11.54
Euratom 9⅞ 87 FFr	150	85¾	86⅝	−0¼	+0¼	12.73
Finland 11 84 FFr	80	96½	96⅞	−0⅞	−0¾	12.23
Finland 11½ 89 FFr	70	94¼	95⅜	−0¼	−0⅞	12.48
Gaz de France 11 84 FFr	150	97½	98½	0	0	11.85
IBM France 11⅞ 84 FFr	120	96⅞	97⅜	0	0	12.65
Renault 9⅞ 85 FFr	100	88¾	89¾	0	−0¼	12.58
Saint-Gobain 9⅞ 86 FFr	130	85¼	86⅛	0	0	13.14
Solvay et Cie 9⅞ 87 FFr	125	83⅞	84⅞	−0⅛	0	13.39
Total Oil 9⅞ 87 FFr	150	83	84	0	+0⅞	13.04
EIB 11½ 91 £	25	86½	87½	−1½	−0⅞	13.78
Finance for Ind. 13 91 £	15	96¼	97¼	−0⅛	0	13.58
Fin. for Ind. 12½ 89 £	30	94¾	95½	−0¼	+1⅞	13.40
Gen. Elec. Co. 12¼ 89 £	50	95¼	95¾	−0¼	+2	13.36
Indonesia 8¾ 91 KD	7	†93½	94	0	0	9.56
Mitsubishi 7½ 84 KD	10	†95¾	96½	0	0	8.59
Norges Kom. 7½ 89 KD	12	†93¼	93¾	0	0	8.51
Occidental 8¼ 91 KD	7	†90¼	90¾	0	0	9.65
Akzo 9⅛ 87 LuxFr	500	94⅞	95⅞	−0¼	+0⅛	10.17
Euratom 8 87 LuxFr	500	90⅞	91⅞	+0⅞	+0⅞	9.71
Euratom 9⅞ 88 LuxFr	500	99¼	100¼	0	0	9.79
Oslo, City of 8 89 LuxFr	500	90⅝	91⅝	0	+0¼	9.54
Volvo 9⅞ 87 LuxFr	500	98	99	+0⅛	−0¼	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97½	98½	2/7	15⅞	15.41
Banco di Roma Int. 6 87	0¾	99¾	100¼	26/4	16¾	15.75
Banco Urquijo 6 86	0¼	97¼	97¾	21/3	13⅞	13.72
Bank of Ireland 5¾ 89	‡0¼	97⅝	97⅞	21/2	15.69	16.07
Bank of Tokyo 5¼ 89	‡0½	97¾	98¼	25/1	15.79	16.52
Barclays O/S Inv. 5 90	0¼	97½	97¾	13/6	14⅜	14.63
Bergen Bk. A/S 6 89	‡0¼	95⅞	96⅜	29/2	14.31	14.89
Bque. Indo Suez 5¼ 89	0¼	98	98½	11/7	14.69	14.95
Citicorp O/S F. 6 94	‡0¼	98¾	99¼	6/3	14.44	14.60
Citicorp O/S F. 83	§10	99½	100	23/2	15¼	15.16
Citicorp O/S F. 84	10	99	99½	29/2	15	15.11
Co-operative Bk. 6 86	0¾	97¾	98¼	16/5	15.06	15.37
Creditanstalt 5½ 91	‡0¼	97¾	98¼	14/3	14⅞	15.18
CNT 5¼ 86	‡0¼	99¼	99⅝	18/4	15.19	15.24
GZB 5¼ 89	‡0¼	98½	99	1/2	16.19	16.39
Jugobanka 8 89	0⅞	93⅞	94⅞	23/5	16	16.95
Ind. Bank Japan 5½ 87	0¼	97⅛	97⅝	15/4	14⅜	14.63
LTCB Japan 5¼ 86	0¼	97¼	97¾	13/6	14¼	14.60
LTCB Japan 5¼ 89	0¼	97¼	97¾	7/6	14.19	14.55
Mfrs. Han O/S 5¼ 94	‡0¼	98¼	98⅞	29/2	13.81	14.01
Midland Intl. Fin. 5 89	0¼	99½	100¼	20/6	15	15.02
Nacional Fin. 6¼ 88	0¾	97½	98	25/1	11⅞	11.76
Nat. West. 5¼ 94	‡0¼	97⅞	98⅜	11/4	14.94	15.23
Nippon Cred. Bk. 6½ 86	0¼	97⅝	97⅞	12/7	14.44	14.79
Royal Bk. Scot 5¼ 94	‡0¼	98	98½	11/4	14⅜	14.85
Sec. C. de Bque. 6½ 87	0¼	96⅜	96⅞	3/4	13⅜	13.73
Senegal 5¾ 89	‡0⅞	96½	97	13/7	14.44	14.92
Sweden 8¼ 91	‡0¼	97⅞	98	18/1	15	15.35
TVO Pwr 9 91 (D-lock)	0⅞	†97¾	97¾	24/5	15.31	15.71
Williams & Glyn 5¼ 91	0¼	96½	97	14/3	13	13.44
Bq. E. d'Alg. 6½ 89 SF	0⅞	98¾	98¼	18/6	6.69	6.97

Average price changes. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7½ 89	10/79	145	100	101	0	−3.54
Alco Int. Fin. 9½ 94	1/80	40	92¾	93½	0	13.44
Asahi Optical 7 94	11/79	605	94	95	+0⅛	9.59
Canon 6¾ 94	8/79	570	102	103	−0¼	1.04
Ciba-Geigy O/S F. 4 94	9/79	675	87⅞	88⅞	−0¼	−2.70
Credit Suisse 4¾ 93	10/79	1325	109¾	111½	−0¼	0.32
Daiei Inc. 6½ 94	11/79	1020	96	97	−0⅞	6.22
Esselte 7¾ 89	9/79	150	93¾	95	0	1.02
Honda Motor 5½ 89	5/79	632	107⅞	108⅞	+0⅛	8.22
LPC. Internatl. 8 89	9/79	35	100⅞	100¾	−0¾	−5.90
Medensha Elec. 7 94	12/79	210	95	96	+0⅞	18.78
Mitsubishi Co. 6⅞ 94	10/79	604	125⅞	127⅛	−0⅛	3.93
Nippon Seiko 7¾ 94	12/79	339	93¾	94¾	−2	7.20
Nitto Elec. Ind. 6 94	7/79	735	79	80¼	+0⅞	10.50
Toshiba Cpn 7⅛ 94	10/79	198	89⅞	90⅞	−1¼	5.76
Union Bk Switz. 5 89	2/80	125	110¼	112½	0	4.56
Fujitsu 5 84 DM	7/79	475	98⅞	98⅞	+0⅛	19.72
Kansai Elec. 4 84 DM	4/79	1234	†95¼	96⅝	−0¾	48.44
Tokyu Ld. Cp. 4 86 DM	4/79	403	79	80	+0⅜	52.72
Uny Co. 6¼ 85 DM	11/79	1071	97⅞	98⅞	−0⅞	19.96

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Companies and Markets

CURRENCIES, MONEY AND GOLD

Pound erratic

STERLING moved erratically in the foreign exchange market yesterday, but the dollar was steady in relatively quiet but nervous trading. The pound opened at \$2.2675-2.2685, and fell to a low point of \$2.2515-2.2525, reflecting growing concern about the steel strike. By noon sterling had improved to \$2.2620-2.2630, and continued to recover in the afternoon as U.S. markets began trading. Demand from New York and the International Monetary Market in Chicago pushed the pound to a high point of \$2.2790-2.2800, and it closed at \$2.2765-2.2775, a rise of 90 points on the day.

Sterling's trade-weighted index, as calculated by the Bank of England, opened at 71.4, and fell to 71.3 at noon from 71.7 at the previous close, but recovered to finish at 71.6.

One-year forward sterling improved sharply on a large buying order, with the 12-month forward discount narrowing to 3.22½ cents from 3.65 cents.

The dollar was steady, rising to DM 1.7285 from DM 1.7215 against the D-mark and to SwFr 1.5920 from SwFr 1.5850 against the Swiss franc. The U.S. currency moved within a very narrow range throughout, trading between DM 1.7210 and DM 1.7260 in terms of the D-mark, while its trade-weighted index, on Bank of England figures, rose to 84.7 from 84.6.

D-MARK — Very strong, and showing a tendency to rise within the European Monetary System — the D-mark showed mixed changes against its EMS partners — at the Frankfurt fixing, and declined slightly in terms of the Swiss franc, but improved against the dollar and sterling. Among EMS members the Irish punt and Dutch guilder rose against the D-mark, but the Belgian franc, French franc, and Italian lira fell. The dollar fell to DM 1.7235 from DM 1.7306 at the fixing without any intervention by the Bundesbank. Sterling declined to DM 3.9010 from DM 3.9440.

FRENCH FRANC — Strongest member of the EMS since late December — The franc improved against the dollar and sterling, but eased against the Swiss franc at the Paris fixing. The dollar fell to FFr 4.04 from FFr 4.0555, and the pound to FFr 9.1470 from FFr 9.2315. Within the EMS the D-mark improved against the franc, as did the Danish krone, Dutch guilder and Irish punt. On the other hand the Belgian franc and Italian lira lost ground.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation — The Belgian unit rose against the lira at the Brussels fixing but lost ground against its other EMS partners and the Swiss franc. The dollar fell to BFr 28.02 from BFr 28.11 and sterling to BFr 63.42 from BFr 63.97.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone declined against all its EMS partners except the lira which was unchanged at the Copenhagen fixing. The dollar fell to DKr 5.3885 from DKr 5.4060 and sterling to DKr 12.1595 from DKr 12.3130.

SWEDISH KRONA — Central bank raises discount rate by 1 per cent to 10 per cent—The Swedish currency lost ground against the Danish and Norwegian krone at the Stockholm fixing despite the discount rate increase. EMS members were generally firm against the krona.

DUTCH GUILDER — Firmer in recent weeks, near top of EMS—The guilder improved against other EMS currencies at the Amsterdam fixing, but declined against the Swiss franc. The dollar was fixed at Fl 1.9010, compared with Fl 1.9110 previously, and sterling fell to Fl 4.2950 from Fl 4.3470.

THE POUND SPOT AND FORWARD

Jan. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2515-2.2800	2.2765-2.2775	0.67-0.57c pm	3.27	1.47-1.37 pm	2.49
Canada	2.6150-2.6470	2.6435-2.6445	0.90-0.80c pm	3.86	2.05-1.95 pm	3.02
Nethlnd.	4.29-4.34	4.32¾-4.33¾	2⅞-1⅞c pm	5.54	6-5 pm	5.08
Belgium	63.00-63.90	63.75-63.85	18-8c pm	2.44	40-30 pm	2.19
Denmark	12.14-12.28	12.26¾-12.27¾	3-1ore pm	1.95	par-2 dis	−0.32
Ireland	1.0520-1.0585	1.0565-1.0575	0.07-0.17p dis	−1.36	0.20-0.30dis	−0.95
W. Ger.	3.88-3.93½	3.92¾-3.93¾	3½-2½pf pm	9.17	8½-7½ pm	8.02
Portugal	112.50-113.60	113.30-113.50	10c pm-40 dis	−2.84	30-130 dis	−2.82
Spain	149.40-150.55	150.40-150.50	par-50c dis	−1.99	40-140 dis	−2.39
Italy	1,814-1,833	1,831¼-1,832¼	4-6lire dis	−3.27	15½-17½ dis	−3.60
Norway	11.05-11.18	11.16½-11.17½	7¼-5¼ore pm	6.71	15½-13½ pm	5.10
France	9.10-9.20½	9.19-9.20	4-3c pm	4.57	7¾-6¾ pm	3.15
Sweden	9.36-9.45	9.43¾-9.44¾	5-3ore pm	5.09	9¾-7¾ pm	3.71
Japan	537-548	545½-546½	5.05-4.75y pm	10.77	11.85-11.55pm	8.57
Austria	28.00-28.23	28.15-28.20	25-15gro pm	8.52	58-48 pm	7.52
Switz.	3.58-3.64	3.62¾-3.63¾	4-3c pm	11.58	10¾-9¾ pm	10.89

Belgian rate is for convertible francs. Financial franc 65.80-65.90. Six-month forward dollar 2.00-1.90c pm, 12-month 3.30-3.15c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 17	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2515-2.2800	2.2765-2.2775	0.67-0.57c pm	3.27	1.47-1.37 pm	2.49
Ireland†	2.1420-2.1465	2.1455-2.1465	0.85-0.80c pm	4.61	1.95-1.85 pm	3.54
Canada	1.1602-1.1617	1.1602-1.1605	par-0.03c dis	−0.15	0.15-0.11 pm	0.45
Nethlnd.	1.8982-1.9013	1.9003-1.9013	0.43-0.36c pm	2.49	1.25-1.15 pm	2.52
Belgium	27.99½-28.02½	28.00-28.02	½c pm-1 dis	−0.11	1-3 dis	−0.28
Denmark	5.3825-5.3890	5.3875-5.3890	0.50-1.00ore dis	−1.67	3.75-4.25dis	−2.97
W. Ger.	1.7210-1.7260	1.7230-1.7240	0.85-0.75pf pm	5.57	2.42-2.32 pm	5.50
Portugal	49.80-49.93	49.80-49.90	15-25c dis	−4.81	46-75 dis	−4.81
Spain	66.06-66.09	66.06-66.09	23-35c dis	−5.27	60-80 dis	−4.24
Italy	804.60-805.40	804.60-804.90	4-5lire dis	−6.71	12-13½ dis	−6.34
Norway	4.9040-4.9077	4.9067-4.9077	1.75-1.25ore pm	3.67	3.45-2.95 pm	3.07
France	4.0370-4.0415	4.0380-4.0395	0.55-0.45c pm	1.48	0.80-0.70 pm	0.74
Sweden	4.1375-4.1455	4.1445-4.1455	0.20ore pm-par	0.29	1.00-0.60 pm	0.77
Japan	238.50-240.00	239.70-239.80	1.45-1.30y pm	6.88	3.65-3.50 pm	5.96
Austria	12.36¼-12.38	12.36¾-12.36¾	5.70-4.20gro pm	4.80	16.25-13.25pm	4.77
Switz.	1.5850-1.5940	1.5915-1.5925	1.00-0.90c pm	7.16	0.80-0.60 pm	1.76

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.578846	0.632459
U.S. $	12	1.31919	1.44030
Canadian $	14	1.53567	1.67917
Austria Sch	3¾	16.3936	17.8957
Belgian F	10½	37.0824	40.4615
Danish K	11	7.12692	7.78985
D Mark	6	2.28299	2.49172
Guilder	9½	2.52097	2.75025
French Fr	9½	5.34998	5.83897
Lira	15	1064.26	1161.96
Yen	6¼	314.891	343.943
Norwgn. Kr.	9	6.50031	7.09779
Spanish Pts.	8	87.1376	95.1461
Swedish Kr.	9	5.47134	5.97796
Swiss Fr.	2	2.10938	2.30160

CURRENCY MOVEMENTS

Jan. 17	Bank of England Index	Morgan Guaranty changes %
Sterling	71.6	−34.5
U.S. dollar	84.7	−8.5
Canadian dollar	81.4	−16.6
Austrian schilling	158.3	+24.1
Belgian franc	115.5	+13.6
Danish kroner	109.0	−2.8
Deutsche mark	158.6	+46.6
Swiss franc	203.8	+82.2
Guilder	126.4	+20.5
French franc	102.5	−5.4
Lira	55.0	−49.8
Yen	117.5	+16.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Jan. 17	£	$		£ Note Rates
Argentina Peso	3713-3733	1630-1640	Austria	27.75-28.00
Australia Dollar	2.0485-2.0505	0.9005-0.9010	Belgium	64.95-65.50
Brazil Cruzeiro	99.13-100.13	43.65-44.00	Denmark	12.20-12.28
Finland Markka	8.38-8.39	3.6904-3.6924	France	9.11-9.17
Greek Drachma	n/a	38.08-38.18	Germany	3.89-3.91½
Hong Kong Dollar	11.046-11.068	4.8630-4.8660	Italy	1880-1945
Iran Rial	n/a	n/a	Japan	539-544
KuwaitDinar (KD)	0.609-0.619	0.2717-0.2718	Netherlands	4.29-4.31½
Luxembourg Frc.	63.75-63.85	28.00-28.02	Norway	11.12-11.20
Malaysia Dollar	4.9470-4.9580	2.1780-2.1790	Portugal	112-124
New Zealand Dlr.	2.3030-2.3050	1.0120-1.0130	Spain	148½-156½
Saudi Arab. Riyal.	7.54-7.64	3.3602-3.3610	Sweden	9.38-9.44
Singapore Dollar.	4.8880-4.8990	2.1535-2.1545	Switzerland	3.57-3.59
Sth. African Rand	1.8655-1.8670	0.8190-0.8200	United States	2.254-2.2615
A. E. Dirham	8.40-8.50	3.7300-3.7580	Yugoslavia	48½-50½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4248	+1.60	+1.44	±1.53
Danish Krone	7.72336	7.77610	+0.68	+0.52	±1.64
German D-Mark	2.48208	2.48884	+0.27	+0.11	±1.125
French Franc	5.84700	5.83063	−0.28	−0.44	±1.3557
Dutch Guilder	2.74362	2.74367	—	—	±1.512
Irish Punt	0.668201	0.672833	+0.69	+0.53	±1.668
Italian Lira	1157.79	1161.44	+0.32	+0.32	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 17	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.277	3.928	546.0	9.195	3.628	4.333	1832.	2.644	63.80
U.S. Dollar	0.439	1.	1.725	239.8	4.038	1.593	1.903	804.7	1.161	28.02
Deutschemark	0.255	0.580	1.	139.0	2.341	0.924	1.103	466.5	0.673	16.24
Japanese Yen 1,000	1.832	4.170	7.193	1000.	16.84	6.644	7.935	3356.	4.842	116.8
French Franc 10	1.088	2.476	4.271	593.8	10.	3.945	4.712	1993.	2.875	69.39
Swiss Franc	0.276	0.628	1.083	150.5	2.535	1.	1.194	505.1	0.729	17.59
Dutch Guilder	0.231	0.526	0.907	126.0	2.122	0.837	1.	422.9	0.610	14.73
Italian Lira 1,000	0.546	1.243	2.144	298.0	5.018	1.980	2.365	1000.	1.443	34.82
Canadian Dollar	0.378	0.861	1.485	206.5	3.478	1.372	1.639	693.0	1.	24.13
Belgian Franc 100	1.567	3.569	6.156	855.8	14.41	5.686	6.791	2872.	4.144	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.75-13.85 per cent; three months 13.75-13.85 per cent; six months 13.75-13.85 per cent; one year 12.70-12.80 per cent.

Jan. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	19-19¼	13⅝-13⅞	12½-13½	11-11¼	1½-1¾	8-8⅛	11⅞-12⅛	13-16	—	5 1/16-7⅛
7 days' notice	19-19¼	13⅝-13⅞	12½-13½	11-11¼	2¼-2½	8 1/16-8 3/16	11⅞-12⅛	20-22¼	13⅝-13⅞	5¾-6½
Month	17⅜-17⅝	13¾-14	13⅜-13¾	11¼-11½	5¼-5⅜	8¼-8⅜	12⅜-12⅝	19-21	13 11/16-13 15/16	6 7/16-7⅛
three months	16⅞-17⅛	13 15/16-14 1/16	13½-13⅞	11¼-11½	5¼-5⅜	8 7/16-8 7/16	13⅛-13⅜	19½-20½	13 15/16-14 1/16	7⅝-8
six months	16¼-16⅜	13 15/16-14 1/16	13 5/16-13 9/16	11⅛-11⅜	5 7/16-5 9/16	8 5/16-8 7/16	13½-13¾	19-19¾	13⅞-14	7 11/16-8 1/16
one year	15⅛-15⅜	12⅞-13⅛	12 11/16-12 15/16	10⅞-11⅛	5⅛-5⅜	8 7/16-8 9/16	13¼-13¾	19-20	12 15/16-13 3/16	7⅞-8 3/16

Long-term Eurodollar two years 12-12⅜ per cent; three years 11⅞-12⅜ per cent; four years 11¾-12 per cent; five years 11⅝-11⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Swedish rates up

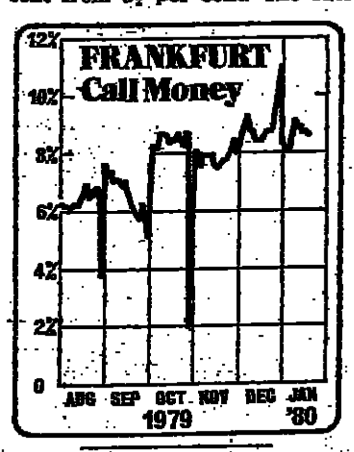
The Central Bank of Sweden has increased its discount rate to 10 per cent from 9 per cent, as from today. This marks the third rise since last September. At the same time, rates on long term state bonds and loans have been increased by ½ per cent. In another move to tighten the supply of money, commercial banks' cash reserve requirements have gone up to 8 per cent from 6 per cent. Although not a member of the EMS, Sweden has adopted a policy of keeping its rates roughly in line with EMS countries. However over the past few months, there have been growing signs that interest rates may have reached a peak, and yesterday's move by the Swedes may well prove to be one of the parting shots in the so-called interest rate war.

In Basle the Swiss private bank rate, used to discount prime paper, was increased to 4 per cent from 3½ per cent. The rate was altered, according to the Swiss Bankers' Association, to reflect changed conditions within the money market. The rate was last changed in November.

In Paris call money fell to 12 per cent from 12¼ per cent, and period rates also showed an easier tendency.

In Frankfurt call money was quoted at 8.55 per cent, slightly down from 8.60 on Wednesday. Longer term rates showed little overall change.

The Monetary Authority of Singapore yesterday increased its discount rate on export bills to 7½ per cent from 6¾ per cent.



GOLD

Further rise

Gold rose sharply in late trading to a record closing level of \$755-765, an increase of \$5 on the day. In New York, shortly after the London close, the metal advanced to \$776-780. Trading in the London bullion market was active, with gold opening at \$730-737, and declining at the morning fix to \$728.25, but rising to \$750 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 90,000 per kilo (\$692.89 per ounce) in the afternoon, compared with FFr 90,000 (\$693.32) in the morning, and FFr 93,000 (\$713.25) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 40,745 per kilo (\$728.25 per ounce) compared with DM 42,545 (\$765) previously.

	January 17		January 16	
Gold Bullion (fine ounce)				
Close	\$755-765	(£331½-336½)	\$750-760	(£329-334)
Opening	\$730-737	(£322-325)	\$730-740	(£319-324)
Morning fixing	\$728.25	(£328.591)	\$765	(£335.674)
Afternoon fixing	\$750	(£329.815)	\$760	(£333.480)
Gold Coins				
Krugerrand	\$764-772	(£335½-340½)	\$757-767	(£332-337)
Mapleleaf	\$765-776	(£336-341)	\$760-770	(£334-340)
New Sovereigns	\$195-197	(£85½-86½)	\$190-194	(£83½-85)
King Sovs	\$205-210	(£90-93)	\$205-210	(£90-95)
Victoria Sovs.	\$205-210	(£90-93)	\$205-210	(£90-95)
Fr 20 Napoleon	FFr790-805	(SFr270-290)	FFr795-810	(SFr290-310)
50 pesos Mexico	\$941-951		\$944-954	
100 Cor. Austria	\$735-745		\$737-747	
\$20 Eagles	\$800-820		\$780-800	
\$10 Eagles	—		—	
\$5 Eagles	—		—	

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and corporation bills, all direct from the discount houses, and a large number of eligible bank bills, which are for resale at a future date. They also lent a small amount to two or three houses at MLR for repayment today.

The market was faced with a large excess of revenue transfers to the Exchequer over Government disbursements, and the repayment of Wednesday's small official lending. There was also a small net take-up of Treasury bills to finance.

On the other hand, banks brought forward balances a moderate way above target, and there was a small decrease in the note circulation. Discount houses were paying 16¾-17 per cent for secured call loans at the start, but small amounts may have been found later in the day down to 15 per cent.

In the interbank market overnight loans opened at 19-20 per cent and rose briefly to 21-23 per cent before coming back to 18-20 per cent. Rates eased during the afternoon down to 14-14½ per cent, with late balances taken around 15 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK	
Prime Rate	15-15¼
Fed. Funds	13¾-13½
Treasury Bills (13-week)	11.77
Treasury Bills (26-week)	11.49
GERMANY	
Discount Rate	6
Overnight Rate	8.55
One month	8.80
Three months	8.90
Six months	8.75
FRANCE	
Discount Rate	9.5
Overnight Rate	12.0
One month	12.0625
Three months	12.1875
Six months	12.1875
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.9375
Bills Discount (three-month)	8.5

LONDON MONEY RATES

Jan 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	14-23	—	—	—	17¼-17⅞	16-17	—	—	—
2 days notice	—	—	17⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	17¾-18¼	17¾-18¼	—	17⅞	17¾-17⅞	16¾-17	—	—	—
One month	16 11/16-16 13/16	17 1/16-17 3/16	17¼-17½	18⅛-17⅞	17⅞	17¾-17⅞	16½-16⅝	15 11/16	17 3/16	17½
Two months	16 11/16-16 13/16	17⅛-17¼	—	17⅝-17⅛	17⅝	—	16½	15 23/32-15⅝	16 13/16	17¼
Three months	16 11/16-16 13/16	16 11/16-16 13/16	17-17⅛	17⅛-17	17⅝	17⅜-17⅝	16¼	15¾	16⅜-16 11/32	17
Six months	15⅞-15¾	15 15/16-16 1/16	16-16¼	15⅞-15⅝	16⅜	—	—	—	15	16⅞
Nine months	15 1/16-14 15/16	15-15¼	—	15⅝-15⅛	15⅝	—	—	—	—	—
One year	14¾-14⅝	14⅞-15	15¼-15½	15-14¾	15½	—	—	—	—	—
Two years	—	—	15⅜	—	—	—	—	—	—	—

Local authorities and financial houses seven days' notice others seven days fixed. * Long-term local authority mortgage rates nominally three years 15⅞-15½ per cent; four years 15-15⅜ per cent; five years 14⅞-15⅜ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16 per cent; four-month trade bills 16½ per cent.

Approximate selling rates for one-month Treasury bills 15 23/32-15 21/32 per cent; two-months 15⅝-15 21/32 per cent; three-months 15⅝ per cent. Approximate rates for one-month bills 17-17 1/16 per cent; two-month 16 11/16 per cent; three-months 16½-16 9/32 per cent; one-month trade bills 17¼ per cent; two-months 17 per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published for the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8405 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 9, 1980. The Exchange rates listed are commercial middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified cases. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for particular transactions.

Bank of America NT and SA does not undertake to trade in all the listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume any responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.437
Algeria	Dinar	3.8325
Andorra	French Franc	4.047
	Spanish Peseta	66.05
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7026
Argentina	Argentine. Peso	1634.50
Australia	Australian $	0.8989
Austria	Schilling	12.40
Azores	Portug. Escudo	49.85
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	66.05
Bangladesh	Taka	15.496
Barbados	Babados $	2.01
Belgium	B. Franc (C)	28.015
	B. Franc (F)	28.265
Belize	Belize $	2.00
Benin	C.F.A. Franc	202.35
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8926
Bolivia	Bolivian Peso	24.26
Botswana	Pula	0.8233
Brazil	Cruzeiro	43.79
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.157
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	202.35
Canada	Canadian $	1.1654
Canary Islands	Spanish Peseta	66.05
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Emp.	C.F.A. Franc	202.35
Chad	C.F.A. Franc	202.35
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5438
Colombia	Col. Peso (O)	43.38
Comoros Islands	C.F.A. Franc	202.35
Congo (Braz'ville)	C.F.A. Franc	202.35
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7235
Cyprus	Cyprus Pound	0.3434
Czechoslovakia	Koruna (O)	5.25
Dem.Rep. S'oTome & Principe	S. Tome Dobra	34.2773
Denmark	Danish Krone	5.4065
Djibouti	Djibouti Franc	173.527
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	27.20
Egypt	Pound (3)	0.67
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	66.05
Ethiopia	Birr (O)	2.0855
Faeroe Islands	Danish Krone	5.4065
Falkland Islands	Falkland Is. £ *	2.2763
Fiji Islands	Fiji $	0.8325
Finland	Markka	3.696
France	French Franc	4.047
French C'tyinAf.	C.F.A. Franc	202.35
French Guiana	Local Franc	4.047
French Pacific Is.	C.F.P. Franc	74.392
Gabon	C.F.A. Franc	202.35
Gambia	Dalasi	1.7572
Germany (East)	Ostmark (O)	1.7255
Germany (West)	Deutschemark	1.7255
Ghana	Cedi	2.75
Gibraltar	Pound £*	2.2763
Gilbert Is.	Aust. $	0.8989
Greece	Drachma	38.225

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.4065
Grenada	E. Caribbean $	2.7026
Guadaloupe	Local Franc	4.047
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.3304
Guinea Republic	Syli	18.5993
Guyana	Guyanese $	2.535
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.915
Hungary	Forint (O)	34.00
Iceland	I. Krona	365.40
India	Ind. Rupee	7.8926
Indonesia	Rupiah	625.00
Iran	Rial	71.50
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.1537
Israel	Israeli Pound	35.96
Italy	Lira	806.40
Ivory Coast	C.F.A. Franc	202.35
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	237.42
Jordan	Jordan Dinar	0.295
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3175
Korea (Nth)	Won	0.94
Korea (Sth)	Won	484.00
Kuwait	Kuwait Dinar	0.2719
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.26
Lesotho	Rand	0.8193
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.592
Luxembourg	Lux Franc	28.015
Macao	Pataca	5.31
Madagascar D. R.	MG Franc	202.35
Madeira	Portugese Escudo	49.85
Malawi	Kwacha	0.8037
Malaysia	Ringgit	2.174
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	404.70
Malta	Maltese Pound	0.3378
Martinique	Local Franc	4.047
Mauritania	Ouguiya	40.47
Mauritius	M. Rupee	7.5751
Mexico	Mexican Peso	22.84
Miquelon	C.F.A. Franc	202.35
Monaco	French Franc	4.047
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	Moz. Escudo	30.532
Namibia	Rand	0.8193
Nauru Is.	Aust. $	0.8989
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.905
NetherlandAntilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8989
	FNH	65.4008
New Zealand	NZ $	1.0096
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	202.35
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.9275
Oman Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N. Guinea	Kina	0.6896
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	252.50
Philippines	Ph. Peso	7.40
Pitcairn Islands	NZ.$	1.0096
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.85
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.70
Reunion, Ile de la	French Franc	4.047
Rhodesia	Rhd $	0.6936
Romania	Leu	4.47
Rwanda	Rwanda Franc.	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.2763
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C. F.A. Franc	202.35
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	Italian Lira	806.40
Saudi Arabia	Saudi Riyal	3.3599
Senegal	C. F. A. Franc	202.35
Seychelles	S. Rupee.	5.856
Sierra Leone	Leone.	0.8786
Singapore	Singapore $.	2.157
Solomon Islands	S.I. $	0.8989
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.8193
Spain	Peseta.	66.05
Spanish ports in North Africa	Sp. Peseta.	66.05
Sri Lanka	S. L. Rupee	15.57
Sudan Republic	Pound (1)	0.80
Sudan Republic.	Pound (2)	0.50
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.8193
Sweden	S. Krona.	4.1515
Switzerland	Swiss Franc.	1.592
Syria	Syria Pound.	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan. Shilling.	8.2893
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	202.35
Tonga Islands	Pa'anga	0.8989
Trinidad	Trin. & Tob. $	2.4065
Tunisia	Tunisian Dinar	0.3961
Turkey	Lira.	47.10
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8989
Uganda	Ug. Shilling	7.3175
United Arab Emir.	UAE Dirham	3.7365
United Kingdom	£ Sterling	2.2763
Upper Volta	C.F.A. Franc	202.35
Uruguay	Urug. Peso (M)	8.46
U.S.S.R.	Rouble	0.654
Vatican	Italian Lira	806.40
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8968
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	19.3596
Zaire Republic	Zaire Zaire	2.0201
Zambia	Kwacha	0.7759

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except for essential export and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.

CORRECTION

Investors Rates for the Greenwich Building Society as from December 15th, 1979, should have read as follows:

Deposit Rate %	Share accounts %	Subscription shares %	Term shares %
—	10.75	12.00	12.75 5 yrs.
			12.25 4 yrs.
			11.75 3 yrs.

NORTH AMERICAN NEWS

Oil majors up sharply in final quarter

By David Lascelles in New York

U.S. OIL MAJORS have begun to predict sharply higher earnings for the past quarter of 1979. Standard Oil of California, the country's fourth largest oil group is predicting an advance of 70-75 per cent, according to Mr. Howard Bell, financial vice-president. (In the 1978 fourth quarter, Socal earned $358m, or $2.10 per share.)

Mr. Bell also said that full year earnings of $10.50 to $11 per share would be a "good guess." Most of this increase would come from foreign operations, he implied, since domestic profits would only rise by about 15 per cent.

Socal expects its 1979 sales to be up 20 to 22 per cent from the $24.6bn of 1978.

On Wednesday, Mr. John Bookout, president of Shell Oil, said his company's earnings rose about 20 per cent in 1979 to just over $1bn, or about $7.25 a share. (In 1978, Shel Oil earned $814m, or $5.45 a share on revenue of $11.1bn.)

Mr. Bookout also revealed that Shell Oil, which is majority-owned by the Royal Dutch Shell group, plans to spend about $2.7bn in capital investment during 1980. This sum excludes the $3.65bn Shell spent to acquire Belridge Oil at the end of last year. Texaco also reported yesterday that it had received payment of about $622.6m in exchange for its 17.04 per cent interest in Belridge. Texaco said it received the payment without prejudice to its suit alleging that Shell intends to liquidate Belridge in a manner which discriminates against Texaco.

Generally, Wall Street analysts expect oil earnings to be up in the fourth quarter, although not as sharply as in the third quarter when fast-rising petroleum prices turned oil profits into a hot political issue. Most oil companies are expected to report towards the end of this month.

Rosario shares fall back as Amax withdraws offer

BY IAN HARGREAVES IN NEW YORK

THE SHARE price of Rosario Resources slipped back sharply in New York yesterday as the prospects of a bidding war for the metals, mining and natural resources company receded.

Late on Wednesday, the company announced that it had mutually agreed with Amax, a Connecticut-based metals and natural resources group, to suspend negotiations on a cash and stock swap offer worth about $55 a share to Rosario shareholders.

Rosario also moved to delay a counter bid worth $65 a share in cash from Hudson Bay Mining and Smelting of Toronto in a New York State Court. The total value of the Hudson Bay bid is in excess of $400m although the Toronto company already owns 9.8 per cent of Rosario.

Yesterday, Rosario said it was looking at a number of offers and potential offers. Amax, meanwhile, withdrew its $55 a share offer but said it was considering other options.

Rosario's share price, which had leapt over the $71 mark on Wednesday, slipped back to $66⅞, more closely in line with the Hudson Bay tender.

The problem for the Rosario management is to make an accurate assessment of the value and earnings potential of the company at a time when the soaring price of silver is daily transforming its profit expectations and the value of its silver mining interests in Latin America.

Mr. Robert M. Reininger, Rosario's chairman, said that every dollar per ounce increase in the price of silver would lift Rosario's income by 40 cents a share. Earlier in the week, Rosario had reported doubled net earnings of $31.6m last year or $5.17 per share.

Mr. Reininger noted that the price of silver had increased by almost 200 per cent since the terms of the Amax bid were negotiated towards the end of last year.

$170m bid for Remington Arms

BY OUR NEW YORK STAFF

ALLEGHENY LUDLUM, the Pittsburgh-based steel and industrial group, yesterday launched a $170m takeover bid for the Remington Arms guns and ammunition company.

News of the bid came on the day that Remington Arms' shareholders were meeting in Wilmington, Delaware, to vote on an offer from the Du Pont chemical company to pay between $23 and $24 a share in Du Pont stock for the 30 per cent of Remington which the chemicals giant does not already own.

Allegheny's bid is valued at $26 a share in cash, but Du Pont said yesterday that it was not interested in the offer.

Du Pont was, however, obliged to extend the polling period for the minority shareholders in Remington to allow them to consider the new situation.

Allegheny, which says it has discussed the purchase of Remington with Du Pont on several occasions, said that it did not regard the matter as closed, but would be waiting for the outcome of the minority shareholders' vote on the Du Pont stock offer before taking further action.

Allegheny has been building up its range of specialised businesses in a steady acquisitions programme in recent years. Last year it bought two West Coast companies, one a manufacturer of computer peripherals, the second engaged in anti-fire devices.

Du pont has a large civil explosives division, but does not have any other business in the area of Remington's predominantly sporting guns and ammunition operations. In 1978, Remington earned $19.4m on sales of $259.4m.

Sharp rise in profit at Marsh and McLennan

By Our New York Staff

MARSH AND McLENNAN, the largest U.S. insurance broker which is currently trying to take over C. T. Bowring of London, yesterday reported a gain in fourth quarter earnings.

Net income was $16.6m or $1.19 a share, up 14 per cent on the $14.6m (or $1.05) earned in the same period of 1978. Revenues were also up 14 per cent, to $131.9m.

These results brought Marsh's full year earnings to $82.2m or $5.90 a share, up 20 per cent on 1978's $68.4m or $4.91. Full year revenues were $530.4m, up from $476.4m.

Marsh reported that expenses were up 18 per cent in the last quarter, which was slightly above the year's average of 13 per cent, but expense controls remain stringent.

Other factors affecting Marsh's results included the loss of equity income from the sale of its 20 per cent interest in Bland Payne during the year, higher interest income, and a number of "unusual transactions," mainly divestitures.

Marsh also revealed yesterday that it is selling its Western Travelers Life Insurance Company, based in San Raphael, California. Marsh expects to make a loss on the deal, offsetting the gain on its earlier divestiture of Landauer Associates.

Costs and declining Jeep sales hit AMC earnings

BY OUR NEW YORK STAFF

THE EARNINGS of American Motors (AMC) the smallest of the U.S. car manufacturers, continue to be hit by declining Jeep sales and tough pricing conditions in a generally depressed market.

In AMC's first fiscal quarter ended December 31, net earnings were $12.8m on sales of $789m, compared with $26.2m and $715m for the same period a year ago. Profits in the previous year's corresponding period, however, were lifted by an extraordinary tax credit of over $7m.

Mr. Gerald C. Meyers, chairman, said that although Jeep sales were sharply down, this partly reflected planned production switches to other models. Car sales have been strong, however, and AMC expected these sales trends to continue. In the quarter, worldwide car sales were up 42 per cent to almost 68,000 units, whereas Jeep sales, which have been hit by the higher price of petrol, slumped by 30 per cent to 37,600 units.

For last year as a whole, AMC increased its share of the US car market slightly from 1.8 to 1.9 per cent, selling 162,000 units, not including its Renault imports. The company is in the process of planning a joint assembly operation in the U.S. with Renault.

The company says the main reason for the decline in first quarter earnings is the impossibility of raising prices in line with costs in a depressed market and because of the switch in production away from Jeeps, which are more profitable than cars.

Last year as a whole is generally considered a watershed period for AMC which was able to make its first dividend payment for five years.

Mitsubishi seeks closer Chrysler links

TOKYO—Mr. Yoshitoshi Sone, the president of Mitsubishi Motor Corporation plans to visit the U.S. next month for talks with Chrysler Corporation on closer links, including a joint development of small trucks, which Chrysler wants to market in the U.S. from 1983.

The proposed establishment of a new sales network for Mitsubishi cars in the U.S. is to be taken up at the talks.

Chrysler has a 15 per cent stake in Mitsubishi Motor.

Mitsubishi Motor and Mitsubishi Corporation, Mr. Sone said, proposed to increase their stake in Chrysler Australia to a majority share, from the present 33.7 per cent, by mid-1980.

Last May the two Japanese companies, in the Mitsubishi group(acquired a 33.7 per cent interest in Chrysler Australia on an equal basis.

Mitsubishi Motor plans to produce 600,000 vehicles for the domestic market this year, up 6.2 per cent from last year and 435,000 for export, up 16.3 per cent.

Reuter

Good year at Transamerica

BY OUR FINANCIAL STAFF

AN INCREASE in earnings for 1979 from $3.13 to $3.64 at Transamerica, the insurance, film and consumer finance group, is above Wall Street expectations. The company expects another improvement in 1980, and comments that transportation, finance and insurance all contributed to the upturn. The United Artist subsidiary turned in higher sales but its profits were hit by higher costs.

For the year net earnings showed a gain of 15 per cent to $238.8m, on sales 14 per cent higher at $4.04bn. A substantial boost came in the final quarter when earnings jumped by 27 per cent to $56.2m with share earnings at 86 cents against 67 cents.

Substantial increases in earnings from life assurance, which in the previous year contributed some 32 per cent of Transamerica's earnings. Property-casualty insurance, which turned in about 19 per cent of the 1978 earnings total, was also expected to record another strong rise.

Of the other major earnings divisions, travel services (10 per cent in 1978) was expected to benefit from strong growth and manufacturing (12 per cent) hoped to show improved results as a consequence of a higher volume of turnover.

Operating income has strengthened since the first half of the year when profits were ahead by only 13 per cent. In July last year, Transamerica bought up Interway Corporation a major lessor of transportation equipment which earned some $24.6m in 1978.

Higher interest rates are believed to have been putting pressure on consumer finance earnings although the view for this division remains optimistic in the near term according to analysts.

There was no news yesterday on the outlook for the dividend. Some analysts have predicted an increase from the 25 cents quarterly payment of recent years.

ERC rejects higher offer

By Our Financial Staff

ERC CORPORATION, the Kansas City-based reinsurance company, said a special meeting had decided that its Board cannot recommend nor support Connecticut General's increased takeover offer in a deal which values the total ERC equity at around $547m. Last week Connecticut General made a bid of $90 a share, raising its offer of $80 several months ago which had been rejected by ERC.

The Kansas City company said that it still believes a combination with Connecticut General would be against its best interests and would violate an order by the Missouri insurance director on the grounds that the merger would tend to lessen competition in the insurance industry in Missouri.

ERC said that it is concerned that a similar violation of State law might exist in Kansas where hearings are being conducted before the Kansas insurance department.

Fed firm on HK Bank case

WASHINGTON — The Federal Reserve Board (FRB) will not reconsider its decision to allow Hongkong and Shanghai Banking Corporation to acquire 51 per cent of Marine Midland Banks.

Giving "exceptional treatment" to this case would set an "undesirable precedent," said a letter from Mr. Paul A. Volcker, the chairman.

The letter was sent to Representative Benjamin S. Rosenthal, D (NY), who had requested that the Board reverse its March approval of the takeover.

New York State banking officials have delayed approving the takeover. Marine Midland has applied to the Comptroller of the Currency for a Federal Banking charter in an effort to circumvent the State opposition.

AP-DJ

Champion International setback

BY OUR FINANCIAL STAFF

CHAMPION INTERNATIONAL, the plywood, pulp and paper group, blamed a slowdown in housing starts for its downturn in the fourth quarter of 1979 from $47.16m to $42.88m. 91 cents a share compared to 78 cents, although sales rose from $875.7m to $919.6m.

But over the whole year there was a rise to $247.12m from $203.75m in 1978, or $4.70 a share against $4.05. Sales rose from $3.48bn to $3.75bn.

The 1978 figures exclude an extraordinary charge from settlement of anti-trust suits of $21.52m or 45 cents a share in the quarter and $35.06m or 73 cents a share in the year.

Champion's white paper business in the U.S. and Brazil improved although rising costs of energy, materials and labour tempered the rate of increase in the second half.

Champion's packaging division also showed an improvement on 1978.

Income from the building materials division was 8 per cent lower in 1979 than in 1978. As the housing market weakened in the latter half of the year prices for lumber and plywood fell sharply

Problem for Eurosterling bond

BY NICHOLAS COLCHESTER

THE LAUNCH of the £50m Eurosterling bond for Citicorp Overseas Finance was yesterday rendered more problematic by a setback in the gilts market after over a week of continuous gain, and by an erratic sterling exchange rate.

Mr. Stanley Ross of Ross and Partners viewed the issue prospects with guarded optimism and reported no buyers or sellers at his pre-market quote of less 1½ per cent. If the normal Eurobond selling concession is subtracted from an offering price of par the 13¼ per cent coupon for 10 years yields about 13¾ per cent. This compares with an AIBD-equivalent yield on the 13 per cent 1990 gilt edged stock last night of 14.49 per cent.

The news of the big issue had its impact on the prices of other eurosterling bonds yesterday, pushing their yields up towards the coupon offered by Citicorp, but, in most cases, still leaving them short of it. The GEC 12¼ per cent 1989, for instance, lost one quarter of a point and was yielding 13.36 per cent at the close. Though closely held, this paper is said to compare with the new issue in maturity and quality.

In the dollar sector of the market dealers reported a slight easing in prices as the New York bond market opened on a weak note. The dollar exchange rate was steady, however, and the three month eurodollar interest rate eased a little to a fraction under 14 per cent.

The tone in the DM sector continues to be undermined by high short term interest rates—overnight money was 8.6 per cent yesterday.

Bank of China co-leads HK loan syndicate

BY PHILIP BOWRING IN HONG KONG

HONG KONG'S money market has entered a new era with the signing of a loan in which the Bank of China led the syndication, in conjunction with Hong Kong and Shanghai Banking Corporation and Chase Manhattan Bank.

The loan of HK$617m (equivalent to some US$125m) for the China Cement Company (Hong Kong) is also the largest Hong Kong dollar syndicated loan ever assembled, and the largest loan of any kind for an industrial undertaking in Hong Kong. The funds will be used for the construction of a HK$1.1bn cement plant at Tap Shep Kuk in the New Territories.

China Cement, like the syndicate of three banks, combines communist Chinese, Hong Kong capitalist and American interests. Kaiser Cement of California has a 40 per cent interest and 60 per cent is held by Forward Industrial Company, in which China's Kiu Yip Investment Corporation has a 33 per cent stake. The rest of Forward is divided equally between the property developer, Cheung Kong and the cement producer, Green Island Cement. Both are controlled by Mr. Li Ka-Shing.

The loan is for ten years with a four-year grace period. Half is at a margin over the Hong Kong Interbank rate and the other half at a margin over the local prime rate. The size of the margins has not been disclosed, but it is likely that a large part — perhaps the majority—of the loan will not be drawn in Hong Kong dollars, or even drawn directly.

The borrower has an option to draw all or part in U.S. dollars and there is an option to use the facility as a guarantee for an export credit rather than a direct loan if export credits from equipment suppliers are obtainable on favourable terms.

The company will be tendering worldwide for the plant, which will be large and highly automated with a capacity of 1.4m tons a year—a little more than half Hong Kong's current consumption.

It will run on coal which will almost certainly come from China.

Land for the plant has been acquired from the Government under private treaty. The site is next to a large new electric power station, which will use Chinese coal.

Of the total cost of the project, the equity component will HK$400m. Production is due to start in 1982.

CANADIAN NEWS

Alsands to go ahead with tar sands project

BY ROBERT GIBBENS IN MONTREAL

THE ALSANDS GROUP has decided to go ahead with site preparation for Alberta's third tar sands mining project, without provincial or federal guarantees of full approval. Alsands will spend $9m under provisional licences to clear muskeg from the site by next March.

The group, which is led by Shell Canada, now estimates that the total cost of its 140,000 barrels per day synthetic oil project will be nearly $7bn, including infrastructure, by the time it comes on stream in 1985. One reason for the delays in approvals is the federal election on February 18. Both the Alberta and the federal governments were unable to reach agreement on domestic oil prices before the election was called.

Mr. D. W. Menzel, vice-president of Shell Canada, said that if work was not started now on the site preparation, a whole year would be lost on construction of the total project. "We are taking a chance that all necessary authorisations will be forthcoming," he said. Alsands has already spent around $100m on the feasibility studies and preparations for the project.

The group has been criticised by the Alberta Conservation Board on the location of the processing plant and the very large tailings operations required. The technology being used is similar to the open pit mining and hot water processing at the two earlier plants in the same area near Fort McMurray. The process uses large amounts of water and creates large volumes of sand and coke.

The Alsands group comprises Shell, with a 25 per cent stake, Shell Explorer of the U.S. (20 per cent); Amoco Canada Petroleum (10 per cent), Chevron Standard (8 per cent), Dome Petroleum (4 per cent), Gulf Canada (8 per cent), Hudson's Bay Oil and Gas (8 per cent), Petro-Canada (9 per cent) and Petrofina Canada (8 per cent)

● **Dominion Textile**, the largest textile producer in Canada, earned C$9.1m or 96 cents a share in the second quarter ended on December 31, against C$5.6m or 67 cents a year earlier. Sales rose by 15 per cent to C$190m.

First-half earnings were C$13.4m or C$1.39 a share, against C$8.1m or 98 cents a year earlier, on sales of C$351m against C$287m. The company said that the outlook for the rest of the year is good.

U.S. QUARTERLIES

ALBERTO-CULVER

First quarter	1979 $	1978 $
Revenue	49.2m	43.2m
Net profits	783,000	635,000
Net per share	0.19	0.15

BECKMAN INSTRUMENTS

Second quarter	1979 $	1978 $
Revenue	133.7m	98.1m
Net profits	8.87m	6.74m
Net per share	0.45	0.38
Six months		
Revenue	251.7m	191.1m
Net profits	16.79m	13.0m
Net per share	0.89	0.74

CINCINATTI BELL TELEPHONE

Fourth quarter	1979 $	1978 $
Revenue	76.9m	71m
Net profits	9.58m	9.84m
Net per share	1.15	1.24
Year		
Revenue	300.3m	275.7m
Net profits	41.9m	41.4m
Net per share	5.16	5.20

EASTERN GAS AND FUEL

Fourth quarter	1979 $	1978 $
Revenue	225.1m	210m
Net profits	17.8m	18.4m
Net per share	0.85	0.85
Year		
Revenue	860m	665.9m
Net profits	47.9m	12.8m
Net per share	2.27	0.59

JOSTENS

Second quarter	1979 $	1978 $
Revenue	68.6m	60.4m
Net profits	4.11m	2.41m
Net per share	0.51	0.43
Six months		
Revenue	112.8m	100.8m
Net profits	5.12m	4.25m
Net per share	0.64	0.54

OLIN

Fourth quarter	1979 $	1978 $
Revenue	441m	408m
Net profits	15.5m	14.7m
Net per share	0.64	0.62
Year		
Revenue	1.8bn	1.6bn
Net profits	71.1m	62.8m
Net per share	2.97	2.62

OUTBOARD MARINE

First quarter	1979 $	1978 $
Revenue	114.5m	121m
Net profits	†11.53m	†14.73m
Net per share	†1.38	†0.57
Loss		

PENNWALT

Fourth quarter	1979 $	1978 $
Revenue	283.3m	232m
Net profits	11.9m	10.6m
Net per share	1.20	1.06
Year		
Revenue	1.07bn	921.4m
Net profits	50m	45m
Net per share	5.01	4.54

PULLMAN

Fourth quarter	1979 $	1978 $
Revenue	931.2m	771.5m
Net profits	11.27m	20.89m
Net per share	1.01	1.90
Year		
Revenue	1.71bn	2.58bn
Net profits	93.7m	73.6m
Net per share	8.50	6.71

SEABOARD COAST LINE INDS

Fourth quarter	1979 $	1978 $
Revenue	585.9m	490.2m
Net profits	45.3m	31.1m
Net per share	3.09	2.13
Year		
Revenue	2.1bn	1.7bn
Net profits	132.0m	67.7m
Net per share	9.06	4.04

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89¾	90¼	0	+0¼	11.81
Alex Howden XW 9½ 91	30	75½	78⅞	+0¼	−1½	13.71
Aquitaine Can. 11¼ 85	30	96½	97	0	−0¼	12.15
Australian Res. 9⅝ 84	30	91½	92¼	+0⅛	+0⅛	11.97
Avco O/S Cap. 10¼ 87	40	81½	82¼	−0½	−0½	14.38
Beneficial Fin. 9⅝ 87	100	89¼	89⅞	−0¼	−0¼	11.89
CECA Grad. Rate 12 86	100	96¼	96⅞	0	−0¼	12.75
CECA 9¾ 99	125	†80¼	80¾	+0¼	−0⅞	12.81
Canadian Pacific 9¾ 89	50	89¼	89¾	−0¼	−0¼	11.66
Carter Hawley 9¾ 86	50	89½	90	+0¼	0	12.10
Comalco Inv. E. 10¼ 91	40	90	90½	0	−0¼	11.82
Continental Grp. 9⅝ 86	100	89½	90	0	−0¼	11.96
Dome Petroleum 10 94	50	87¾	88½	−0⅝	−1¼	11.72
Dominion Bridge 10¼ 84	30	94½	95	0	−0¼	11.80
EIB 11⅝ 92	80	96¾	97¼	−0½	−0¼	12.26
EIB 10 99	150	84⅞	85⅞	+0¼	−0¼	12.31
EIB 10¼ 87	100	91¼	92	−0¼	−1½	12.24
EIB 10.15 99	100	85⅞	86⅞	+0¼	0	12.33
Ekportfin 11¼ 87	50	96	96½	+0¼	+0¼	12.07
Export Dv Cpn 9¾ 84	100	91½	92¼	0	0	11.84
Export Dv Cpn. 9⅝ 84	150	93	93½	−0¼	−0¼	11.69
Finland 9⅝ 89	100	87¼	88¼	0	−0⅝	12.16
GTE Finance 9¾ 89	55	[illegible]	89¾	+0¼	+0¾	11.64
GMAC 9¼ 86	100	88⅞	89⅜	0	−0¼	11.73
GMAC O/S Fin. 11 84	100	97¼	97¾	0	−0¼	11.68
Gould Int. Fin 9⅝ 85	50	91⅞	92½	−0½	−0½	11.87
ITT Antilles 9½ 89	75	86¾	87¼	+0⅛	+0¼	11.89
Kennecott Int. 9¾ 86	100	86¾	87¼	−0¼	−0⅞	12.57
Manitoba 9½ 89	75	86⅝	86⅞	0	−0¼	12.02
Michelin 10 94	125	87⅞	88½	0	0	11.72
Nat. Dev. Telecom 9½ 86	100	90	90½	+0¼	−0½	11.72
New Brunswick 9¾ 94	75	85½	86	−0¼	−0¼	11.87
Newfoundland 10 94	60	88¼	88⅞	0	−0¼	11.67
Norges Komm 9⅞ 99	100	84¼	85¼	0	−0⅛	12.25
Norway 9½ 84	150	92⅝	92⅞	0	0	11.75
Nova Scotia Pwr. 9⅝ 89	50	88	88½	−0½	0	11.88
Occidental Fin 10½ 84	50	94½	94¾	+0½	+0½	11.93
Orient Leasing 9½ 86	25	88¼	88¾	+0¼	+0¼	12.14
Pennwalt O/S F. 9¾ 84	25	92¼	92¾	+0¼	+0¼	12.01
Pepsico Cap 9¼ 84	100	92½	92⅞	0	−0¼	11.58
Quebec Hydro 10 99	75	85¾	86¼	−0¼	−0½	11.86
Sears Roebuck 9 82	150	94¼	94¾	+0¼	+0¼	12.13
Statoil 9⅝ 89	100	[illegible]	88⅞	−0½	−0¼	11.64
Sweden 9¾ 89	100	88¾	89¼	−0½	−0¼	11.84
Sweden 9½ 86	200	90½	90⅞	0	−0¼	12.02
Sweden 9⅝ 84	100	93¼	93¾	0	0	11.65
Unilever NV 9¼ 87	100	88¼	88¾	0	0	11.61
Warner-Lambert 9 84	100	91½	91⅞	+0½	+0¼	11.47

Average price changes. On day 0 on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 8 87	100	97¾	98½	+0¼	0	8.33
Argentina 7½ 89	150	92¾	93¼	0	−0¼	8.62
Asian Dev Bk 7¼ 89	100	93	93½	−0½	−1¼	8.27
Barclays O'seas 6¾ 89	100	†92½	93	−0¼	−2½	7.87
Brazil 8 87	150	95¼	96½	−0½	−0½	8.73
CECA 7 91	150	93¼	94	−0½	−0½	7.87
Council of Eur. 7¼ 89	100	94⅞	95⅜	−0¾	−0⅝	7.98
EEC 7½ 94	225	97¾	98¼	−0¼	−0¼	8.11
EIB 7½ 89	200	97¼	98	0	−0¼	7.86
EIB 8½ 89	100	—	—	—	—	—
Finland, Rep. of 8 86	150	98½	98¾	−0¼	−0½	8.31
Kobe, City of 7¼ 89	150	97¼	97¾	0	−0¼	7.49
Mitsubishi Chem 6½ 84	70	96¼	96¾	−0¼	−0¼	7.47
Neder. Gasunie 8 86	100	†102½	103	−0¼	−0½	7.47
New Zealand 7¼ 87	200	96⅞	97½	−0¼	−0½	7.60
Nippon Kokan 6½ 84	100	94¾	95¼	0	−0¼	8.01
Nippon Tel. & T. 9½ 87	100	86½	86⅞	−0⅞	−1¼	8.09
Norges Komm. 7¾ 91	150	†100	101	0	−0¼	7.67
Norway 6¾ 84	200	97¼	98	0	−0¼	6.91
OKB 6 87	40	†88½	89½	0	−0¼	8.11
OKB 7¾ 88	100	96¾	97½	−0½	−0½	7.80
Tokyo Elec. Pwr. 6½ 85	200	†94	95	−0¼	−1½	7.80
World Bank 7¾ 91	400	96½	97½	−0¼	−1¼	8.19
World Bank 7⅞ 90	250	97¼	97¾	−0¼	−0⅝	8.27

Average price changes. On day −0¼ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 89	80	94⅝	94⅞	0	+0¼	6.24
Aumar 5 89	60	93¾	94	−0½	−0¼	5.86
Australia 3¾ 89	250	91	91¼	−0½	−0½	4.84
Bergen City of 4¾ 91	40	96½	97	+0¾	+0½	5.13
BNDE 5 89	75	87½	88	−0½	−1¼	6.78
BMW Overseas 4¾ 91	100	93½	94	−1¼	−1½	4.96
Caisse Nat Tele 4¾ 89	100	94½	95	−0¾	−0½	5.08
Canada 3¾ 89	300	92¾	92¾	+0¼	+0¼	4.66
Copenhagen 4½ 91	60	93¼	93½	+0¼	−0¼	5.27
Council of Eur 5 89	100	96½	96¾	−0¼	+0¼	5.50
EIB 4¾ 91	100	91	91½	−0½	−0½	5.55
EIB 4¾ 94	100	86¾	87	−0¼	−0⅞	5.72
Elec. de France 4¾ 89	100	95½	96	−1	−1½	4.96
GZB 4¾ 89	100	91	91½	−0¼	−0½	5.42
Hilti 4½ 91	35	95	95¼	−0½	+0½	4.77
ICI Fin NV 3½ 94	230	81	81½	0	−0¼	6.43
Int.-Amer. Dev. 4½ 89	100	90¼	90¾	−0¼	−0¼	5.82
Malaysia 5 89	80	88⅞	89¼	−0¼	−1	6.64
Nippon Tel. & T. 4¾ 89	100	96	96½	−0¼	−1½	4.87
Nordic Bank 5 89	45	99¼	100	−0⅞	−0⅞	5.01
Norges Komm. 4¾ 91	100	91½	91¾	−0¼	−0½	5.38
OKB 3¾ 91	100	83½	84	−0½	−0½	5.76
OKB 4¾ 91	100	89¼	89½	−0½	0	5.86
Oslo, City of 4¾ 91	100	88⅞	89¼	−0¼	−0½	5.88
Shikoku El. Pwr. 4¾ 89	100	96½	97	−0½	−0½	5.16
Spain 4 91	100	87¼	87¾	−0¼	−0½	5.61
Staweag 4¾ 91	60	94½	95	−1	−2	5.37
Voest-Alpine 4¾ 89	90	95½	96	−1	−2½	5.22
World Bank 4¾ 89	100	97½	97¾	+0¼	−0¼	4.94
World Bank 4¾ 89	150	93½	93½	−0¼	−0¼	5.23
World Bank 4⅞ 91	100	92½	92½	−0¼	−1	5.53

Average price changes. On day −0½ on week −0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90¾	91¼	0	+0¼	8.62
Australia 6½ 88	20	86½	86⅞	0	+0½	8.37
EIB 7¾ 89	12	97¾	98¼	0	−0¾	7.99
Finland 5.6 83	10	89¾	90½	0	+0¼	8.88
Finland 6.8 88	10	87½	88½	0	+0¼	8.96

Average price changes. On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¾ 86 C$	25	87½	88½	0	+0½	13.06
Bell Canada 10¾ 86 C$	60	92¾	93¼	0	−0½	12.28
Cr. Foncier 10¾ 84 C$	30	90¼	91	−0¼	+0½	13.15
Ex. Dev. Cpn 10 84 C$	50	92¼	92¾	0	+0¼	12.26
Fst. Can. Inv. 10 84 C$	50	80¾	81¼	0	−0½	12.79
Hudson Bay 10½ 89 C$	50	89¾	90¼	0	+0½	12.33
Quebec 10¾ 86 C$	50	90¾	91½	0	−0¼	12.34
R Bk. Canada 10 86 C$	40	91¾	92¼	0	−0¼	11.87
R Bk. Canada 10 94 C$	40	84⅞	85¼	0	−0½	12.23
Copenhagen 8¾ 91 EUA	20	98¼	99¼	0	+0¼	8.84
M Bk. Dnmk 9 91 EUA	25	†95½	96½	−0½	−0½	9.57
SOFTE 8¾ 89 EUA	40	88⅞	89⅞	0	+0½	10.06
Algemene Bk. 8¾ 84 Fl	75	97½	98	+0¼	+0¼	8.84
Amev 8½ 86 Fl	75	97⅞	98⅜	0	−0⅛	8.87
Ned. Middbk. 8¾ 84 Fl	75	96¾	97¼	+0¼	+0½	9.16
Norway 8¾ 84 Fl	100	95¾	96¾	0	+0⅛	9.33
Norway 8¾ 84 Fl	100	96	96½	0	0	9.25
Rabobank 9 84 Fl	25	101	101½	0	+0¼	8.66
Air France 11 84 FFr	120	97½	98½	+0¼	−0¼	11.54
Euratom 9¾ 87 FFr	150	85¼	86¾	−0¼	+0¼	12.73
Finland 11 84 FFr	80	96½	96¾	−0½	−0¾	12.23
Finland 11¼ 89 FFr	70	94¼	95¼	−0¼	−0½	12.48
Gaz de France 11 84 FFr	150	97½	98½	0	0	11.85
IBM France 11⅞ 84 FFr	120	96⅞	97¾	0	0	12.65
Renault 9¾ 85 FFr	100	88¾	89¾	0	−0¼	12.58
Saint-Gobain 9¾ 86 FFr	130	85¼	86½	0	0	13.14
Solvay et Cie 9¾ 87 FFr	125	83½	84½	−0¼	0	13.39
Total Oil 9¾ 87 FFr	150	83	84	0	+0¼	13.04
EIB 11½ 91 £	25	86½	87½	−1½	−0½	13.79
Finance for Ind. 13 91 £	15	96½	97¼	−0½	0	13.58
Fin for Ind 12½ 89 £	30	94⅞	95½	−0¼	+1⅞	13.40
Gen. Elec. Co. 12¼ 89 £	50	95¼	95⅞	−0¼	+2	13.36
Indonesia 8¾ 91 KD	7	†93½	94	0	0	8.66
Mitsubishi 7½ 84 KD	10	†95½	96½	0	0	8.69
Norges Kom. 7½ 89 KD	12	†93¼	93¾	0	0	8.61
Occidental 8¾ 91 KD	7	†90¼	90¾	0	0	9.65
Akzo 9¾ 87 LuxFr	500	94⅞	95⅞	−0¼	+0½	10.17
Euratom 8 87 LuxFr	500	90½	91½	+0½	+0¼	9.71
Euratom 9¾ 88 LuxFr	500	99¼	100¼	0	0	9.79
Oslo, City of 8 89 LuxFr	500	90¾	91¾	0	+0¼	9.54
Volvo 9¾ 87 LuxFr	500	98	99	+0¼	−0¼	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	97½	98½	2/7	15⅞	15.41
Banco di Roma Int. 6 87	0¾	99¾	100¼	26/4	15¾	15.75
Banco Urquijo 6 86	0¾	97¼	97¾	21/3	13⅜	13.72
Bank of Ireland 5¾ 89	†0¼	97½	97¾	21/2	15.69	16.07
Bank of Tokyo 5¾ 89	†0⅛	97½	98¼	25/1	15.79	15.52
Barclays O/S Inv. 5 90	0¼	97½	97¾	13/6	14⅜	14.63
Bergen Bk. A/S 6 89	†0¼	95⅞	96⅜	29/2	14.31	14.89
Bque. Indo Suez 5¾ 89	0¼	98	98½	11/7	14.89	14.95
Citicorp O/S F. 6 94	†0¼	98½	98¾	6/3	14.44	14.60
Citicorp O/S F. 83	§10	99½	100	23/2	15⅜	15.16
Citicorp O/S F. 84	10	99	99½	29/2	15	15.11
Co-operative Bk. 6 86	0¾	97¾	98¼	15/5	15.06	15.37
Creditanstalt 5½ 91	§10¼	97¾	98¼	14/3	14⅞	15.18
CNT 5¼ 86	§0¼	99¼	99¾	18/4	15.19	15.24
GZB 5½ 89	§0¼	98½	99	1/2	16.19	16.39
Jusobanka 8 89	0½	93⅞	94⅜	23/5	16	16.95
Ind. Bank Japan 5¾ 87	0¼	97½	97¾	15/4	14⅜	14.63
LTCB Japan 5¾ 86	0¼	97¼	97¾	13/6	14¼	14.60
LTCB Japan 5½ 89	0¼	97¼	97¾	7/6	14.19	14.55
Mfrs. Han O/S 5¾ 94	†0¼	98¼	98⅞	29/2	13.81	14.01
Midland Intl. Fin. 5 89	0¼	99½	100¼	20/6	15	15.02
Nacional Fin 6¼ 88	0¾	97½	98	25/1	11½	11.76
Nat West 5¼ 94	§0¼	97½	98¼	11/4	14.94	15.23
Nippon Cred. Bk 6½ 86	0¼	97½	97¾	12/7	14.44	14.79
Royal Bk. Scot 5¾ 94	§10¼	98¼	98¾	11/6	14½	14.85
Soc. C. de Bque. 6½ 87	0¼	96¼	96¾	3/4	13⅜	13.73
[illegible] 5¾ 89	§0¼	96½	97	13/7	14.44	14.92
Sweden 8¼ 91	†0¼	97½	98	18/1	15	15.35
TVO Pwr 9 91 (D-lock)	0½	97¾	97¾	26/5	15.31	15.71
Williams & Glyn 5¾ 91	0¼	96½	97	14/3	13	13.44
Bq. E. d'Alg 6¼ 89 SF	0¼	98¼	98¾	18/6	8.69	8.97

Average price changes. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	100	101	0	−3.54
Alco Int. Fin. 9½ 94	1/80	40	92¾	93½	0	13.44
Asahi Optical 7 94	11/79	605	94	95	+0¼	9.59
Canon 6¾ 94	8/79	570	102	103	−0½	1.04
Ciba-Geigy O/S F. 4 94	9/79	675	87¼	88¼	−0¼	−2.70
Credit Suisse 4¾ 93	10/79	1325	109¾	111¼	−0¼	0.32
Daiei Inc 6¼ 94	11/79	1020	96	97	−0½	6.22
Essilor 7¾ 89	9/79	158	93¼	95	0	1.02
Honda Motor 5½ 89	5/78	632	107¼	108¼	+0¼	8.22
LPC International 8 89	9/79	35	100⅜	100¾	−0¼	−5.90
[illegible] Elec. 7 94	12/79	210	†94	95	+0¼	18.78
Mitsubishi Co. 6½ 94	10/79	404	125¾	127¼	−0¼	3.93
Nippon Seiko 7½ 94	12/79	338	93¼	94¼	−2	7.20
Nitto Elec. Ind. 8 94	7/79	735	79	80¼	+0½	10.50
Toshiba Cpn 7¾ 94	10/79	198	89½	90½	−1½	5.76
Union Bk Switz 5 89	2/80	126	110¼	112½	0	4.56
Fujitsu 5 84 DM	7/79	475	98¼	99¼	+0½	19.72
Kansai Elec 4 84 DM	4/79	1234	86½	88½	−0¼	48.44
Tokyu Ld. Cp 4 86 DM	4/79	403	179	80	+0¼	52.72
Uny Co. 6¼ 85 DM	11/79	1071	97½	98½	−0½	19.96

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WEST GERMAN ENGINEERING

GHH heads for improved earnings

BY JONATHAN CARR IN BONN

MAJOR GERMAN engineering group, Gutehoffnungshuette Atkienvere (GHH), is well on the way to improved results in the current year. Earnings, orders and sales are all up in the first five months and maintenance of a 12 per cent dividend seems likely.

Dr. Manfred Lennings, the executive Board chairman, noted that despite the good start to the business year, which ends June, 1980, there were major problems looming—caused by, among other things, the oil price increases, the sharp fall of the yen, and the bigger import finance costs of developing countries who were among the group's best customers.

But he also stressed that the need to save energy and develop alternative sources gave GHH a big opportunity. It had for years poured funds into research and development in the power station components field, and into techniques for exploiting sun and wind power.

This gave the group confidence for the 1980s. Overall R and D expenditure last year alone had totalled DM 450m ($262m) a rise of 4.2 per ent on the 1977-78 figure.

GHH is active in fields including machinery, and plant construction, transport equipment, cables and metalworking. Its results thus reflect well the buoyant state of the German mechanical engineering sector at the turn of the calendar year.

In the first five months there has been a "better use" of capacity overall at GHH plants, there was no short time work and the number of employees rose slightly (by 2.1 per cent to just over 86,000). Fixed asset investment this year is expected to exceed the 1978-79 sum of DM 364m.

The five month period showed the group order intake up by 24.4 per cent against June-November 1978 to DM 6.08bn ($3.48bn) — with home demand exceeding that from abroad. Turnover increased by 16.1 per cent to DM 5.2bn and orders in hand at November 30 totalled DM 16.3bn, a rise of 5.4 per cent over the end June figure.

Strong performances by the GHH subsidiaries MTU, the Munich-based engines and turbines concern, and by the engines and commercial vehicles divisions of M.A.N., were particularly responsible for the sharp rise in orders. Good results also came from the steel trading and cables divisions. But the order intake was down at Schloemann-Siemag, the Duesseldorf-based plant manufacturer, at Renk (components), and at the shipbuilding enterprise Deggendorfer Werft.

The five month figures show exports taking almost a 45 per cent share of group orders and sales, and despite the temporarily greater buoyancy of home demand the structure of GHH's export business indicates it is well placed to ride all but the most widespread recession abroad.

While West Germany as a whole depends on industrialised countries as a market for roughly three-quarters of its exports of manufactured goods, GHH has achieved a broader regional balance of customers. Only 45 per cent of GHH export orders now come from the developed countries (against 58 per cent 1970-71), more than one-fifth comes from OPEC, nearly 17 per cent from non-oil developing countries and 14 per cent from state trading nations, including China.

The figures for the 1978-79 business year, now released in detail, show a rise in group net profit by 7.7 per cent to DM 121m on turnover up by 9.8 per cent to DM 13.6bn. The biggest single contribution to the rise in turnover came from plant construction and the trading sector, which now accounts for more than one-third of sales.

Deutsche BP falls short of forecast

By Kevin Done in Frankfurt

DEUTSCHE BP, British Petroleum's largest foreign subsidiary outside the U.S., produced a net profit after tax of DM 198m ($115m) last year, a substantial improvement on 1978's profit of DM 23m. The result, however, falls short of the DM 250m predicted by the management in the autumn.

In the final quarter of the year Deutsche BP's costs were suddenly forced up sharply when it had to start buying substantial amounts of its crude oil supplies on the spot market.

The parent group saw a big change in its fortunes during 1979, when the loss of a significant part of crude oil supplies from Iran and Nigeria meant the loss of its crude surplus. The result was that it could no longer meet all the crude oil needs of its subsidiary companies through contract purchases.

For Deutsche BP this meant that as much as 8.5m tonnes, or 34 per cent of its oil supplies, had to be bought at much higher prices last year on the spot market.

Dr. Hellmuth Buddenberg, chief executive of Deutsche BP, said that in the last quarter the sudden surge in costs had forced the company's oil business back into losses. A new round of oil product price increases, to reflect the recent crude oil price increases imposed by members of the Organisation of Petroleum Exporting Countries, will be announced by Deutsche BP on Monday.

Deutsche BP is the largest oil company operating in West Germany with about 19 per cent of the market. Its sales last year totalled DM 21.3bn from a volume of 27.4m tonnes of oil products. One reason for the profits upsurge last year was the takeover of Gelsenberg from Veba, West Germany's largest energy company.

Dr. Walter Kirsten, board member for finance, said that because of the shortage of contract supplies, Deutsche BP would probably have to find as much as 40-50 per cent of its supplies this year on the spot market.

This state of affairs would also apply to its important contract with Veba, to supply the German energy company with 3m tonnes of crude a year from the beginning of January.

This oil deal was one of the keys to Deutsche BP's takeover of Gelsenberg. But Dr. Kirsten said that Veba had been told that it could only get a percentage of the oil at contract prices—the same percentage that Deutsche BP is receiving at contract prices.

Statsfoeretag seeks aid for acquisitions

By Victor Kayfetz in Stockholm

STATSFOERETAG, the Swedish state-owned holding company, has requested a government grant of SKr 267.5m ($64.5m) to provide additional capital to three industrial companies it took over last June from Kockums, the shipbuilding and engineering group.

Last year Kockums big shipyard at Malmo in southern Sweden, and its energy and computer companies, became part of the state shipbuilding group Svenska Varv. Only the parent company Kockums AB and its property-holding company remained in private hands.

Of the requested grants, SKr 235m is intended to cover losses during 1979 and earlier at Kockums Industri, a company which makes forestry and sawmill machinery at plants in Sweden, Canada and the U.S. Units of the company that produce construction machinery were hived off as from January 1, and merged with other parts of Statsfoeretag.

Kockums Industri, which employs 2,000 people and expects a turnover this year of roughly SKr600m, should also be given a repayable reconstruction loan of up to SKr130m as needed to cover expected losses in 1980 and 1981, Statsfoeretag claimed. Kockums Industri could eventually show a profit following the reorganisation of its finances and plants, the state holding company added.

Another SKr 31.5m of the requested Government grant is earmarked for Kockums Chemical, a company with 30 employees that for the past eight years has done development work in enzyme technology and biochemistry.

Statsfoeretag's very optimistic about the long-term prospects for a Kockums Chemical invention, an enzyme-based label attached to frozen and chilled foods which changes colour to warn if these products have been stored too long at excessively high temperatures.

Finally, Statsfoeretag is asking SKr 11m in extra capital for Kockums Automation, which makes automated equipment for ships, sawmills and signalling.

ENI looks for further recovery

BY PAUL BETTS IN ROME

ITALIAN STATE oil group Ente Nazionali Idrocarburi (ENI) reports increased revenues of L19,900bn ($24.68bn) for 1979, up more than L4,000bn.

This rise in overall turnover is expected to have prompted a marked improvement in the group's economic performance. ENI lost L352bn in 1978 largely as a result of the deficits from its chemical sector and from the take-over of loss-making subsidiaries of the dismantled EGAM state minerals agency.

For its part, ENI expects to report improved financial results after reduced losses in the distribution of its petroleum products and a recovery in its textiles and chemicals sector. ENI's chemicals and textile operations have in recent years represented the group's biggest financial liability.

ENI also said yesterday that its investments last year were expected to total some L1,500bn. In the first six months of 1979, group investments totalled L633bn, or 18.2 per cent more than the same 1978 period.

To boost supplies of crude oil and natural gas to Italy at a time of growing alarm over the country's energy difficulties, ENI has undertaken a series of major collaboration ventures in oil producing countries. These include the trans-Mediterranean pipeline expected to be completed by 1981 from Algeria and the construction of a large refinery in Libya with an annual capacity of 10m tons.

ENI, with activities in 23 countries last year, said its foreign drilling operations had yielded directly to the group some 17m tons of crude. In Italy, ENI extracted 1.2m tons of crude and expects this figure to increase to 1.7m this year, following recent oil finds at Cavone, near Mantua, and the new offshore gas field in the Adriatic Sea near Ravenna.

However, the overall improvement of ENI's performance last year has been marred by a scandal involving an oil supply deal with Saudi Arabia. Indeed, the state group has been badly hit by the controversy over alleged irregular commission paid for a 12.5bn ton 30-month direct oil supply deal with Saudi Arabia which led to the suspension by Saudi Arabia of direct oil supplies to ENI.

Moreover, Sig. Giorgio Mazzanti, the ENI chairman, has been temporarily suspended by the Italian government pending an official enquiry into the alleged irregular payments.

This inquiry is expected to be completed by the end of this month. Meantime, a special commissioner, Sig. Egidio Egidi, has been appointed an interim chairman of the oil group.

The government also nominated yesterday Sig. Egidi as deputy chairman of ENI. But Sig. Egidi, formerly a senior executive of ENI who subsequently took a top management post at Fiat, appears to be reluctant to accept the nomination at this stage.

Creusot Loire expects to break even this year

BY TERRY DODSWORTH IN PARIS

THE PROSPECT of a return to at least break-even point in 1980 after three years of losses is held out by Creusot-Loire, the French steel, engineering and nuclear plant group.

Creusot-Loire, controlled by the Franco-Belgian Empain-Schneider group, has been hit hard by the sluggish market conditions in most of its traditional areas of business over the last few years, particularly in the steel industry it is one of France's specialist producers.

A reorganisation plan has been launched, leading to a substantial pairing of its labour force and a sustained effort to straighten out the special steels business. But the company indicates that it will still declare losses of about FFr 200m ($48.4m) for 1979, following deficits of FFr 333m in 1978, and a FFr 155m the year before.

In the first half of last year, the group's losses amounted to FFr 139.5m after depreciation charges of FFr 84.4m. But Creusot-Loire stressed at the time that the first six months period would be bearing the main brunt of the charges connected with its restructuring.

● Club Mediterranee's accounts for the year ended October 31, show non-consolidated profits higher by 16.5 per cent to FFr 83.7m ($20.4m). Turnover went up by 13.5 per cent to FFr 1.56bn. But the company says that this result was reached after the transfer of part of its activities to a subsidiary, and that on a strictly comparable basis sales would have gone up by 16.7 per cent to FFr 1.6bn.

● Generale Occidentale, the French foods and banking group headed by Sir James Goldsmith, reports attributable net consolidated profits of FFr 76m ($19m) for the six months ended September, 1979, while parent company net profit was FFr 5.17m. No comparisons are available due to the changes in the company's financial year end.

Restructures at Philips

PHILIPS, THE Dutch electrical group, is to restructure its electronic components and glass divisions in the Netherlands. This is expected to lead to the loss of about 1,500 jobs over the next three to four years, while investments of about Fl 100m ($53m) will be made.

The two divisions affected are based mainly in the Eastern Netherlands. More than 450 jobs will be lost in the electronic components division in Eindhoven, some of which will be transferred to other plant. Factory closures will occur at the electronic components division in Maastricht and the glass division at Winschoten and Stadskanaal in the North-east.

Increased labour productivity and depressed demand for television sets have brought about these cutbacks, Philips said. The reorganisation will improve the security of the remaining 4,000-or-so jobs in these two divisions but Philips can give no guarantees that further cuts will not be needed.

UAE FINANCE

The CD makes an entry

BY DUNCAN CAMPBELL-SMITH

Fixed rate and floating rate certificates of deposit have been introduced in the UAE this week. The aim is to stimulate money market activity and to stem an outflow of funds

THE United Arab Emirates has this week seen its first two issues of certificates of deposit. Their appearance reflects the desire of the UAE Currency Board to promote the growth of a domestic money market offering home-grown instruments for short-term investors. A principal aim is to discourage the flow of capital funds out of the Emirates.

Until now, most domestic investors with surplus liquidity have had no short-term investment opportunities in the UAE other than commercial bank deposits. These carry rates which are subject to official ceilings and which are below deposit rates available internationally.

The CDs interest rates will be exempt from the official ceilings. The return will be directly related to comparable yields in the interbank market in dirhams.

In addition, the certificates will be free of reserve requirements for the issuing bank. This will be their main attraction for the UAE banking sector. By issuing CDs for six and 12 months — which is all that the Currency Board will allow for the moment — the banks will lengthen the maturity schedule of their liabilities. It is thought this might encourage more project financing and lending beyond the very short term.

But the Currency Board is moving cautiously. "We want to have something very practical and tailored to the precise nature of this market," says Dr. Denis Ferman, the general policy adviser to the Board. Accordingly, all individual CD issues will be subject to the approval of the Currency Board. The Board will determine the size of each issue in the light of market conditions.

Reactions to the first two issues have been enthusiastic on both sides of the market-place.

The National Bank of Abu Dhabi (NBAD) has issued the first tranche of its own Dh 100m CD, which is being sold on a tap basis. The certificates are available in maturities of six or twelve months and carry fixed rates of $10\frac{1}{4}$ per cent and $10\frac{3}{8}$ per cent, respectively, and are priced at par. The NBAD and Citibank will maintain a secondary market in Abu Dhabi and expect the market to dictate a yield about ¼ per cent less than the interbank bid rate, as applies in the London dollar CD market.

Demand for the first tranche left the NBAD confident that it would be able to sell the total Dh 100m. It regards four months or so as the most appropriate timespan for the tap.

The Khalij Commercial Bank has issued 12-month floating rate certificates of deposits (FRCDs) to a total of Dh 20m, carrying interest set initially at ¾ per cent over the six-month Abu Dhabi interbank offered rate of January 24, and to be revised on July 24.

International observers of the UAE's move will study the simultaneous establishment of fixed and floating rate CD market sectors to see whether they develop in the mould of the London market. Available in London since 1966, fixed rate CDs are actively traded and tailored to surplus cash management by banks and other financial institutions. FRCDs, developed more recently, usually carry a marginally higher yield because they are less readily marketable and are aimed at investors planning to hold the paper to maturity.

In the UAE, the two market sectors have appeared together. Both are subject to the Currency Board's requirement that investors purchase a minimum of Dh 2m at a time—to avoid damage to the existing small deposits market—though over that amount the fixed rate CD will be available in denominations of Dh 500,000, whereas the FRCD will be restricted to Dh 2m certificates. ADIC stresses that it will maintain a liquid secondary market for FRCDs.

Nevertheless, if determined today the FRCD rate would have a ⅜ per cent advantage over the six month version of the fixed rate CD. Bankers in Abu Dhabi expect that the FRCD market will follow the London example and retain a slight yield advantage over the fixed rate. This reflects less confidence in the marketability of smaller issues. Against the background of a flat or downwards sloping yield curve, the differential points also to institutional investors' general preference for the greater capital gain potential of the fixed rate CD—and their optimistic expectations of a decline in short-term rates.

For if rates fall, the fixed rate CD's price will rise accordingly. Its yield is a function of its interest rate and its price. The FRCD's yield involves the additional consideration of an interim change in the interest rate, restricting the price movement above par.

The converse also applies, so that the FRCD is less vulnerable to an increase in rates.

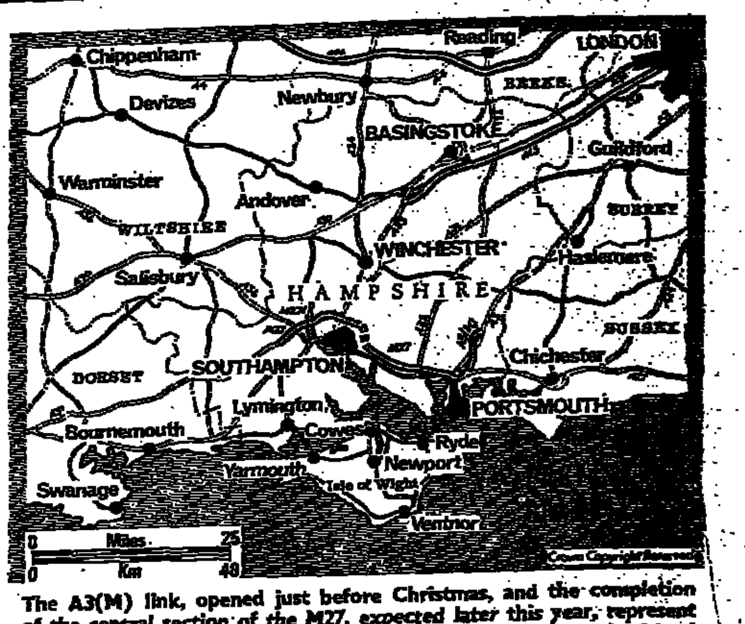
This has not reduced the usual 3 or 5 year FRCD's yield advantage in London in the past when rates have been rising — because of its marketability, and because it has had a longer final maturity than the fixed rate CD. Whether the yield advantage will persist in the UAE if such marketability and maturity factors do not apply remains to be seen.

The Currency Board plans to leave the banks and their clients free to judge the relative merits of the different types of CD. "It is a free economy," says Dr. Ferman, "and the banks must determine the rates. We will control only the volume of the market."

FINANCIAL TIMES REPORT

Friday January 18 1980

Isle of Wight



The A3(M) link, opened just before Christmas, and the completion of the central section of the M27, expected later this year, represent a considerable improvement in the ease of road access to the island

The Isle of Wight has a complex social and economic patchwork in which the tourist trade co-exists with a thriving manufacturing sector and extensive agricultural and horticultural interests—but a growing population is making the need for job creation ever more urgent.

Strategy to create more jobs

By John Griffiths

AT FIVE o'clock on a cold, pitch-black morning at the turn of the year, Mr. Tom Spackman, roadsweeper, was making his way *down the empty streets of* Newport, the administrative centre of the Isle of Wight. Lying in wait for him were corporation dignitaries and storekeepers bearing gifts to mark his retirement—and the thousands of voluntary hours spent keeping Newport tidy each morning long before his "official" start at 7 a.m.

Few *on this island of 114,000* people, a couple of miles from Southampton, would suggest that the island is the vision of a labour relations Utopia fulfilled. But they do suggest the Tom Spackman episode provides a pointer to the "apartness" from the stresses of elsewhere *in the south-east which they feel* extends beyond the physical separation imposed by the Solent.

Spasmodically, there have been suggestions that it would benefit the island economy and obviate transport and tourism bottlenecks if a bridge were to be built connecting with the mainland. Cost apart, the average islander makes clear it would also span *a lot of dead* bodies. . .

A motorist from London notices the island's difference as soon as he drives off the ferry in the untypical grey streets of East Cowes. The island traffic moves slowly, irritatingly so until the newcomer adjusts. In one respect at least, the rat race does indeed *appear to end at Southampton.*

Once out of Cowes—its *western side so sacred to yachts*men—the unfolding 110 sq miles of island reveal a picture rather different from and altogether more complex than that of the holiday brochures.

It is a social and economic patchwork in which the tourist trade co-exists, to date at least, with a thriving manufacturing sector and extensive agricul*tural and horticultural interests.*

However, forces are at play which *increasingly* threaten to upset its balance.

The problem is basically demographic: the island population *is* currently growing faster even than the 1,000 annually projected in the county structure plan, approved last year.

But a substantial part of that increase is due to immigration by the retired seeking to enjoy the leisure amenities and *pleasant* varied *scenery* which the island offers. At the same time, the baby boom came late to the island, and is still working its way through to the extent that the school age population, and the number of school-leavers are still increasing.

Thus, the island authorities are presented with a number of problems: the proportion of *economically* active population, at 36 per cent, is already well *below the national average* and if no remedial action is taken fears are voiced that it could be down to 30 per cent by the end of the 80s. That in itself is already throwing strains on the ability to provide social and support services and these have been exacerbated by the recent requirements *for local authority* spending cuts.

The *island's young present* the problems of providing extra *educational facilities*, and of job opportunities to stem at least partially their traditional outward drift to the mainland. The latter in turn increases the imbalance in population.

Balancing act

Unemployment is currently running at about 7 per cent, and will increase further during the winter months prior to the start of the tourism season. The figures are high by South-East standards, if not by those of farther north; but they act as another major spur to the authorities to throw an extra effort into their economic balancing act.

Inevitably, that must centre *on the creation of new jobs. And* they will have to be in the industrial sector. Tourism can play a part—there is an intensive effort to develop an off-peak trade and thus lower tourism's seasonal unemployment peak—but the island is regarded as near to the maximum that can be offered in accommodation capacity. Agriculture is efficient and varied—some of Britain's most modern under-glass facilities are on the island—but in *job terms that efficiency* leaves precious little room for growth. On the contrary, the local National Farmers' Union secretary, Mr. Neville Errington, believes there could be a further, albeit small, shake-out among the 1,650 people currently employed in the business.

Thus, the island has been throwing a lot of effort into the attraction of new industry and this will intensify as a detailed strategy now being worked on by Mr. Ron Neve, a *former Council for Small Indus*tries in Rural Areas official appointed to a new island role of industrial promotion officer, emerges later this year. Though thwarted in its efforts to be awarded Assisted Area status, the island is designated as a Special Investment area by the *Development Commission*, and has received some help in the *form of CoSIRA advance fac*tories and "nursery" units built and being built, at various sites on the island for both rent and purchase.

Its separation from the mainland inevitably means an on-cost for industry which is largely dependent on the Red Funnel and Sealink ferry services which ply between a number of points both on the island and mainland. Not surprisingly, efforts are being bent to draw *in* small and medium-light industries *of a varied nature, but pro*ducing goods of relatively low bulk and high value.

Some attention is also being paid to *trying to attract office* and commercial developments, for which there is considerable scope in terms of space allocated for development, particu*larly in Newport. So far, how*ever, any *sizeable* "fish" have yet to bite and an island climate is not the best for speculative development.

However, the island does *possess a number of industrial* sites, both local authority and privately owned. The county council itself has been developing sites, one of 25 acres near Newport, and it was the county's willingness to back declared objectives with its own action and finance which was at *least partly responsible* for the Development Commission's *decision to add its own support.*

The industrial tradition on the *island* is strongly entrenched. After a wave of job *losses, with the winding down* of the major aircraft and shipbuilding industries of 20 years ago when the island did become, briefly, an assisted area, a number of companies moved in to take up the slack.

Largest employer

While the County Council is the island's biggest employer, British Hovercraft Corporation at Cowes, with a staff of 2,300, is not far behind.

Plessey's electronics manufacturing arm, set up in the mid-1960s, employs 1,200. Elliott Turbomachinery, the heavy engineering organisation, employs over 800 and Ronson's manufacturing plant only slightly less. With the takeover of *Britten-Norman*, maker of the now-famous Islander and Trislander light aircraft, by the *Swiss aircraft company Pilatus* the aircraft industry appears to *be on its way back to health.* Pilatus is resurfacing and extending its Bembridge airport facilities, maintaining production of the Islander and Trislander and plans the introduction of new aircraft.

Thus, Bembridge could well become the main light aircraft manufacturing centre for Britain, with what potential for expanding the current work force of about 250 Pilatus is *not yet prepared to reveal.*

Scattered throughout the island is a wide array *of light* engineering concerns, some in*volved in support operations* for the larger concerns, others engaged in a variety of activities, illustrative of the strong entreprenurial ethos which pervades the island.

Mr. Chris Bland, who runs Hovertravel, which started the world's first scheduled hovercraft service, across the Solent, *is preparing* a new generation of *quieter* craft to replace the existing fleet, the licensing for which runs out at the end of this year. The new craft will *be a Hovertravel design, to be* built with the help of British Hovercraft.

Another company in which *Mr.* Bland *is* involved, Air Vehicles at Cowes, has begun producing small, diesel-powered hovercraft suited to low-cost batch production.

Howard Evans' Acorn Springs works at Freshwater recently expanded into fibre optics; Micronair, at Bembridge, has adapted its aerial crop-spraying equipment to ground-bound tractors. The managing *director*, Mr. *Jim* McMahon—one of the original Britten-Norman partners—is again considering light aircraft - making possibilities.

At Sandown, Temperature's healthy order book includes air conditioning equipment for the Canton-Kowloon railway and British Rail's Advanced Passenger Train.

Few companies seem to find separation from the mainland much of a problem in terms of the transfer of goods. Although ferry *services are heavily* booked in summer, there is a minimum allocation for commercial traffic which, in a crunch, receives priority. There has been the odd minor logjam, but both Sealink and Red Funnel are adding capacity.

Skilled staff

Though Plessey's operation was set up at a time when the island was receiving development aid—apart from a variety of radar installations, it makes aircraft landing systems and other electronic equipment—*Plessey executives consider the* island still to be a viable base for setting up a company.

Its biggest problem, one shared with British *Hovercraft* and other companies, is attract*ing skilled staff. As with the* other large companies, Plessey runs its own apprenticeship and training schemes which tap some of the island's young labour force. But it wants another 30 engineers before March and they will have to come from outside. And while moving to the island presents no problem to those in a position to buy homes, there is already a long queue for public housing among islanders.

The county council has been actively encouraging housing associations — Plessey has applied for *12 of 21* units currently being erected by Vectis Housing *Society*, for example—and has had some *success in persuading* borough councils to allocate at least some of their scant housing stock for incoming key workers, around whom further jobs may be built. But the housing situation does remain one of the more instractable problems in terms of the island attaining its *industrial objectives.*

Otherwise, *industrial* relations, by any yardstick, are good: there have been very *few disputes of any size in the* past quarter of a century and *the indigenous* workforce has shown a high degree of stability.

Despite the problems, island *officials* clearly believe they can make their strategy work. Whether that belief is justified should become apparent in the next two or three years.

In the meantime, the County Council is making another plea to Central Government to improve what it feels is the raw deal it receives on the provision of services. It is seeking *improvements in its Rate* Support Grant on the basis that an island *community must be* much more self-contained than the mainland—"We can't, for example, pare down on the fire service," observes one official. "We'd look a bit silly, if there was a major fire, to be relying on extra help from Southampton. . ."

Developments in aviation sector

THE Isle of Wight's links with aviation reach back to the early years of this century, when boat-builder Sam Saunders set up on the Medina River before World War I and became interested in flying boats, and when shipbuilders J. Samuel White set up an Aviation Department at East Cowes on January 1, 1913, also to build seaplanes.

J. Samuel White reverted to shipbuilding in 1919, but the S. E. Saunders company pressed ahead with aviation activities, eventually becoming part of the Saunders-Roe company in 1928. The latter remained at Cowes for many years, building not only flying boats but eventually also missiles, helicopters and hovercraft until the reorganisation of the aerospace industry in 1959, when the company was split up, with the hovercraft interests going to Westland, which eventually in turn merged them with British Hovercraft Corporation when that organisation was formed in 1966. The old slipways of J. Samuel White are still engaged in aerospace, for they, too, were acquired by British Hovercraft on the latter's formation.

British Hovercraft Corporation (BHC) today is the biggest single industrial employer on the island, with a labour force of about 2,300. In addition to the manufacture of civil and military hovercraft, it also undertakes a wide range of other activities, including industrial air-cushion "hoverpads," and more directly aerospace-related work such as the manufacture of parts for Lynx and other helicopters, and some aircraft parts for Boeing of the U.S. and other aircraft companies.

BHC's major hovercraft activity at present is the manufacture of SR-N6 craft, for which it has an order for 14 worth an estimated £40m for two undisclosed Middle Eastern customers. The corporation, however, is also studying the development of a new civil replacement of existing SR-N6 designs.

Since its establishment in the mid-1960s, BHC has built over 75 hovercraft of various kinds, including a number of the big SR-N4 cross-Channel craft, of which two have recently been enlarged into the Super 4 version, carrying 418 passengers and 60 cars against the original SR-N4's 254 passengers and 30 cars. BHC has been discussing with China the possibility of a joint venture involving the production of Super 4s in that country, while it has also been discussing the possibility of a Super 4 deal with the Belgian Marine Transport Authority.

The recent preliminary accounts from Westland Aircraft Group, of which BHC is part, showed a turnover on hovercraft activities of close to £10.3m in the year to September 30 last, just under the comparable figure for the previous year.

At the eastern end of the island, at Bembridge, is the home of aircraft constructor Pilatus Britten-Norman, which makes the Islander twin-engined and Trislander three-engined light transport aircraft, and which has only recently become part of the Pilatus Aircraft group of Switzerland, which in turn is part of the Swiss Oerlikon-Buhrle group.

Orders from overseas

Founded originally by several aviation enthusiasts—Mr. John Britten (now deceased), Mr. Desmond Norman, Mr. Jim McMahon and Mr. Frank Mann—to exploit aerial crop-spraying equipment and then also to develop small light hovercraft, the company turned in the mid-1960s to the development of the small light Islander twin-engined transport. Sales were an immediate success story, but the company ran into financial problems, and was eventually acquired by the Fairey Group. When Fairey in turn went into receivership in 1977, Britten Norman was again kept in business, so strong was the demand for its aircraft, until it was taken over in 1978-79 by the Pilatus organisation, itself one of the Continent's major manufacturers of light civil and military transport aircraft.

The UK company has now been renamed Pilatus Britten-Norman, and has a labour force of around 250. Islander and Trislander aircraft continue to flow off the assembly line as they have done without a break for years. Today the order book for Islander and Trislander aircraft is around the 1,000 mark, of which over 950 have been delivered to well over 100 countries overseas, with demand continuing strongly.

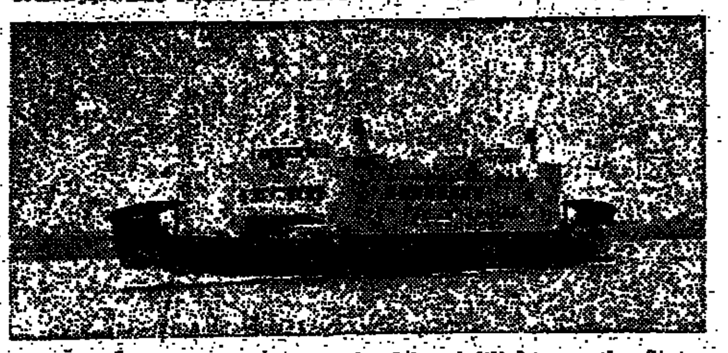
Pilatus Britten-Norman has ambitious plans for the continued development of the Islander and Trislander, and for the introduction of new types of aircraft, making Bembridge the major centre for light aircraft in the UK. A new concrete runway—due for completion soon—is being laid at Bembridge, and throughout 1980 new hangars will be built. The company has negotiated new deals with both Romania and the Philippines, providing for the assembly there of bare-hull Islander aircraft to be shipped to the UK for fitting out to customer standards for sale and delivery.

For the longer term, while continuing with both the Islander and Trislander production, Pilatus Britten-Norman envisages the development of new types of aircraft. These plans are now being finalised, and it is hoped that the announcement of the first new venture will be made this spring. At this stage all that can be said is that it will be a turbo-prop aircraft, and twin-engined. But there is no doubt that under its new management Pilatus Britten-Norman remains vigorously expansionist-minded, and that it will continue to exploit the light aircraft market in both the UK and overseas.

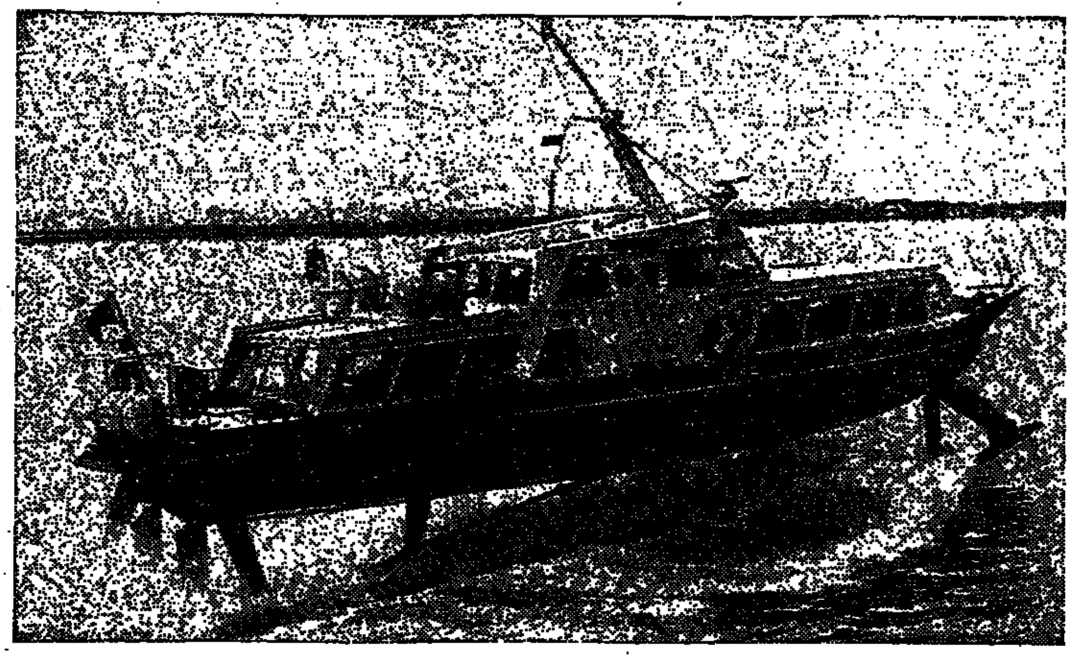
It is possible that other significant aviation developments may come to fruition on the island. Before he died Mr. John Britten, who along with Mr. Desmond Norman had severed his connection with Britten-Norman some years ago, had begun work on the design of a new light-weight twin-engined four-seater aircraft, the Sheriff. Now a new company, Aircraft Designs (Bembridge), has been set up by Mr. John Britten's brother, Mr. Robin Britten, and two others of the original Britten-Norman team, Mr. Jim McMahon and Mr. Frank Mann, at Bembridge Fort, Sandown, to undertake the design and modification of light aircraft and their components.

The company has been approved by the Civil Aviation Authority, and its first contract is from Sheriff Aerospace to develop Mr. John Britten's design for the Sheriff aircraft. Work on this venture is now under way.

Michael Donne



The main ferry operators to the Isle of Wight are the State-owned Sealink and the privately owned Red Funnel Services.



High-speed hydrofoil services supplement car and freight ferries and hovercraft services across the Solent to the Isle of Wight

A rapid increase in transport services

DOZENS OF times each day a small armada of varied vessels flits back and forth the narrow strip of Solent, separating the Isle of Wight from the south coast mainland. The ro-ro car and freight ferries of the two main operators, State-owned Sealink and privately-owned Red Funnel, are supplemented by high-speed, passenger-only hydrofoil and hovercraft services—the latter representing the world's first scheduled operation for vessels of this type.

Quite apart from their obvious role in the movement of tourists and goods to and from the island, the services fulfil a number of other needs essential to the island. A substantial number of islanders commute to the mainland for work; and while the island has a technical college at Newport, many students attend more specialised institutions at Southampton and Portsmouth, which also are the focus for islanders' major shopping activities.

There has been a steady increase in the demands made upon the services. The 400,000 vehicles of all types carried across the Solent in 1967 has more than doubled, and there has been a similar increase in the number of foot passengers. Particularly in summer peak periods, the increasing strains have led both Sealink and Red Funnel to embark upon capacity expansion. With some of its vessels reaching the end of their working life, Sealink has ordered two new, larger vessels for its Fishbourne-Portsmouth run. They will have space for 138 cars on two decks or will be able to carry up to 26 ro-ro units of 40 feet plus a lesser number of cars.

A new link span at Fishbourne and a new terminal at Portsmouth also form part of an investment in the service totalling £10m. The new vessels should be delivered in 1981. Sealink is also now studying further modernisation or replacement of the vessels on its Ryde-Portsmouth service.

Red Funnel has been granted planning permission to develop a new terminal at East Cowes for its service to Southampton and one of its main ro-ro vessels will soon be back in service having been substantially widened to increase carrying capacity. Red Funnel also operates a Cowes-Southampton hydrofoil service, taking 20 minutes, compared with an hour for the conventional ferries, and as with Hovertravel's hovercraft service between Ryde and Southsea, it represents the equivalent of the mainland commuter train.

A third hydrofoil has been ordered by Red Funnel, and meanwhile Hovertravel is engaged in preparing a new generation of hover vessels which, it hopes, will replace the existing fleet next year.

Together, all these developments should see the island adequately served in terms of capacity for the next decade at least.

Meanwhile, a number of major improvements in the mainland highways network has greatly increased ease of access between the island and major markets. Although the long-awaited Winchester bypass has yet to materialise, the M3 motorway provides access to London in well under two hours. New urban roads in Portsmouth, the new M27 and M275 motorways leading from it to the west, plus the A3(M) running north to connect up with the A3, are of considerable significance to freight operators. Both routes give greatly improved access to Sealink's Portsmouth terminal, from which is run a 24-hour service to the island.

Despite fuel costs which have risen by 37 per cent in the past year, there have been considerable efforts to hold down charges, particularly to freight operators, although the strong competition between Sealink and Red Funnel is also a factor. This year, Red Funnel has put car passenger rates up by 14 to 15 per cent; those for freight by about 10 per cent—a similar figure to last year.

Inevitably, however, there will always be an on-cost for industry on the island. And although no major accusations are levelled against ferry operators over charges, there is a movement afoot for industrial and commercial interests on the island to win some help in meeting them. The Chamber of Commerce is to make representations to the Confederation of British Industry to see if it can persuade the Government to allow some form of subsidy on freight movements.

John Griffiths

Moves to widen tourist appeal

TOURISM CAME early to the Isle of Wight. Its first visitors for diversions, other than a spot of rape and pillage, were the Romans, and in several places the tourist can visit the remains of their unfortified dwellings—truly, the progenitor of the holiday villa.

Thereafter, for 19 centuries, business was slack, until Victoria and Albert "discovered" the island. Since then, the tourist trade hasn't looked back. The royal couple's residence at Osborne House—Victoria died there—set a trend to which the extensive, substantial Victorian architecture—much of it converted to hotels—stands testament.

Last year, some 1.2m visitors stayed for six nights or more, and there were slightly more day visitors. The fact that the island tourist board's estimate of their spending, excluding that on ferries, was £75m suggests that, since Victorian days, the business has moved rather down-market.

This is reflected in the very sharp peak of arrivals during the principal July/August industrial holiday fortnight. Outside the summer peaks, there has historically been a sharp falling away of activity which, because of the importance of tourism in the island economy, has sent winter unemployment rates up to double those prevailing elsewhere in the South-East.

Thus, tourism officials are working hard to expand the appeal of the island: to develop second holiday, activity and special interest packages aimed at extending the season.

Island status gives them little choice. There has been a delicate but long-surviving balance between industry, tourism and agriculture. Inevitably, the pressures on land use are high. Thus, to avoid the risk of spoiling the attractions which lure visitors in the first place, county and tourist officials have agreed that the existing 90,000 bed-spaces represent saturation point in terms with which the island can cope—the population effectively doubles in August.

Any further development of caravan and camping sites is to be severely restricted, and despite a widespread current trend towards self-catering accommodation, within the principal resort towns officials are discouraging the conversion of traditional existing hotels into holiday flats.

County and tourism officials have also been working on promoting the island as a conference centre. But, with no substantial developments by any of the main hotel chains on the island, there are just one or two hotels equipped to accommodate such functions on a large scale; Mr. Ewen Brenchley, the tourism director, concedes that the conference business is proving "a tough nut to crack."

A full programme in winter

Although visitors are predominantly from inside the UK, there has been some success in drawing visitors from abroad and promotions have been held in Holland and West Germany, which in recent years have produced a growing trickle of visitors.

Meanwhile, the drive to upgrade accommodation will continue as will the development of further winter activities. In any case, the island hardly puts up its shutters when the summer tourists have gone. There is a small but thriving theatre movement, the latest sample of which, Newport's Medina Community Theatre, has a full winter programme featuring nationally-known names. There are seven golf courses, thriving fishing and sailing facilities, and Osborne House is just the most prominent of a number of National Trust-held places of historic interest.

Scattered throughout the island are the privately-run hotels, converted from large 19th-century residences. Standards are high and some hotels possess the RAC's coveted red star rating.

To the first-time visitor, the island overall presents a surprising, rural picture rather than the "bucket and spade image" of so many south coast resorts. That it can be reached within two hours from London suggests that the island may well have been overlooking a valuable market virtually on its own doorstep: among the affluent cosmopolitans of London and the Home Counties.

J.G.

Financial Times

Bruno may be a welcome sight if you happen to be caught in an avalanche, but not if you happen to be caught prowling around his home.

Which is precisely why the two gentlemen who entered the house of Mr and Mrs Caroll, uninvited, were in such a hurry to leave.

It was the afternoon of May 23rd 1979 when the break-in occurred.

The family was out at the time. So Bruno was left in charge.

And charge he did. All round the living room, in pursuit of the thieves, who made their exit empty-handed.

But our story doesn't end there.

The fact is, Bruno was so upset by the intrusion that he upset everything: tables, chairs, lamps, ornaments, you name it.

He also ripped up the Chinese carpets, ripped down the curtains, and took great mouthfuls out of the sofa.

When the Carolls finally totted up the damage, they put in a claim to us at Commercial Union.

True, their policy covered the contents of their home against theft. But not, in all honesty, against large, angry St Bernards.

However, we did agree that had it not been for Bruno's heroic efforts, their loss would have doubtless been greater still.

And, having said that, we decided to compensate the Carolls in full.

We would hasten to add though, that it might be better in future if they settled for an alarm with bells on.

Rather than fangs.

CU ASSURANCE

We won't make a drama out of a crisis.

After all Bruno had done to hound out the burglars, the least we could do was pick up the pieces.

WORLD STOCK MARKETS

Wall St. mixed at mid-session

FURTHER profit-taking brought on easier tendency to Wall Street at the outset yesterday, but the market subsequently picked up to leave a mixed overall apearance at mid-session after active trading.

The Dow Jones Industrial Average managed a net gain of 3.92 at 869.11 at 1 pm, while the NYSE All Common Index was ahead 17 cents at $64.12, although declines retained a slight lead over gains at mid-session. Turnover amounted to a substantial 36.05m shares, but was well below Wednesday's 1 pm figure of 47.91m.

Precious Metal stocks and other Non-ferrous metals were higher, but Paper and Forest Products shares, which were strong on Wednesday, were hit by profit-taking. However, analysts said investors continued to favour Natural Resources issues despite profit-taking.

Corporate news caused large price movements in several stocks.

Among the Metal issues, volume leader **Inco** rose 1⅜ to $29½, and **Benguet Consolidated**, in second place, gained $1 to $14. **Asarco** put on 1½ to $50½, **ASA** 2½ to $51½, **Hecla Mining** 1⅞ to $46½, **Alcoa** ⅝ to $62½ and **Brush Wellmann** ½ to $31½.

In the Paper and Forest Products group, **Champion International** slipped ¼ to $27¾ after reporting lower fourth-quarter net profits. **Georgia Pacific** eased ½ to $30 and **International Paper** ¼ to $43.

Pullman reported sharply lower fourth-quarter earnings and fell 3¾ to $34½.

Transco climbed $2 to $41⅞. It has found gas in the Gulf of Mexico on a Mustang Island block off Texas.

Rosario Resources retreated 3¼ to $67½ and **Amax** 1⅞ to $49⅞. Rosario has ended its merger agreement with Amax and is to consider other alternatives, including a bid from Hudson Bay Mining and talks with other interested companies. **Hudson Bay Mining** rose $1 to $29½.

THE AMERICAN SE Market Value Index was 1.72 firmer at 263.36 at 1 pm after volume of 7.34m shares (8.41m).

Canada

Markets overall were mixed at mid-day yesterday after heavy trading, but Resources stocks mostly showed further strength. The Toronto Composite index was 13.1 higher at 1,959.9 at noon, reflecting Metals and Minerals, up 30.8 at 2,081.3 on index, Golds 25.0 stronger at 3,034.3, and Oil and Gas, 44.8 firmer at 3,906.3. In Montreal, Utilities rose 1.25 to 259.82, but Banks shed 0.98 to 321.17.

Tokyo

The new restrictions on margin trading continued to make investors cautious yesterday, and the market was mainly narrowly mixed after another moderate business.

According to Tokyo Stock Exchange officials, the outstanding balance of purchase of credit trading at the end of last week on the three major stock markets in Japan reached an all-time high of 1.345 trillion yen. The balance on the three exchanges has been increasing for the past 10 weeks.

The Nikkei-Dow Jones Average picked up 3.04 to 6,656.30, but falls on the First Market section held an edge over rises by 334 to 310. Volume came to 260m shares (280m).

Petroleums retreated, with **Nippon Oil** losing Y30 to Y1,870, **Arabian Oil** Y110 to Y3,320 and **Teikoku Oil** Y50 to Y990.

Trading House **Mitsui** receded Y10 more to Y346 on a report that Iran's Oil Minister has stated that Iran is considering asking East Europe to carry out the plans for a petrochemical project, replacing a Japanese business group led by Mitsui.

Machine Tools gained ground, reflecting good domestic demand for Machinery. **Okuna Machinery** rose Y26 to Y722 and **Toshira Machine** Y8 to Y427.

Real Estates, Paper Pulps and Casualty Insurances, considered good hedges against inflation, also improved. **Heiwa Real Estate** added Y24 to Y658.

Dowa Mining gained Y12 to Y462 and **Sumitomo Metal Mining** Y7 to Y290 on sharply higher overseas gold prices, but some other non-ferrous Metals were lower on profit-taking.

Light Electricals tended easier, but Vehicles rallied modestly after Wednesday's setback. **Sony** shed Y20 to Y1,730, while **Matsushita Electrical**, despite announcing record profits, eased Y2 to Y551.

Australia

Markets surged further ahead in hectic trading, with substantial Overseas buying reported. The Metal Mining and Oil sectors were particularly buoyant. The Sydney All Ordinaries index climbed 13.84 more to an all-time high of 824.13, while the Metals and Minerals sub-group index advanced 164.35 to 5,348.94.

The fresh overnight jump in Bullion prices boosted Gold Minings, **Emperor** rising 23 cents to A$3.40, **GMK** 15 cents to A$4.30, **Peko-Wallsend** 14 cents to A$8.40 and **Poseidon** 10 cents to A$2.85.

Strong performances from Mining heavyweights included **MIM**, up 32 cents at A$5.54, **BH South**, 35 cents higher at A$5.20 and **Western Mining**, up 26 cents at A$4.38.

Aberfoyle Tin rose 60 cents to A$6.90 and **Renison Tin** 20 cents to A$18.50.

Among Oils, **Woodside** added 8 cents at A$2.73, **Lennard Oil** 35 cents at A$1.75, **Weeks Petroleum** 32 cents at A$7.42 and **Santos** 20 cents at A$8.00.

CSR moved ahead 22 cents to A$5.36 and its Coal subsidiary **Thiess** 40 cents to A$7.90.

Market leader **BHP** were 25 cents higher at A$13.50, while **Pioneer Concrete** gained 6 cents to A$2.18 and **ANZ Banking** 20 cents to A$4.45.

Hong Kong

Active late buying pushed the market sharply higher after a steady rise during the morning. The Hang Seng index advanced 18.45 to 860.94.

Buying interest was fairly well spread, but with Properties heading the rise after the Secretary for Housing announced that no new moves to curb property speculation were evolved at Wednesday's Legislative Council session.

Chueng Kong and **SHK Properties**, which took the brunt of recent selling on worries regarding possible future Government property policy, moved ahead 80 cents each to HK$19.60 and HK$17.80 respectively. **HK Land** rose 20 cents to HK$14.00 and **HK Wharf** HK$2 to HK$76.

Among other market leaders, **HK Bank** put on 50 cents to HK$19.50, **Swire Pacific** 35 cents to HK$9.15, **Jardine Matheson** 30 cents to HK$15.90 and **Wheelock** 22.5 cents to HK$4.30.

Among second-line Properties, **Hopewell** gained 20 cents to HK$10.20, **New World** 20 cents to HK$3.60 and **Tai Cheung** 15 cents to HK$3.275.

Germany

Still unnerved by international political uncertainties, the market was again mainly easier in light dealings. The Commerzbank index declined 4.7 to 695.8.

In the wake of Wednesday's oil price rises in West Germany, Motor issues **BMW** and **Daimler** receded DM 4 and DM 3 respectively, although **Volkswagen** held steady at DM 175.

Engineerings provided firm exceptions in **KHD** and **MAN**, which picked up DM 2 apiece, while **AEG**, in Electricals, rallied DM 1.60 to DM 36.70.

Public Authority Bonds remained mixed.

Paris

Bourse prices were predominantly easier in thin trading. Observers said news that the French Treasury has decided to increase the State Loan to be floated shortly to FFr 11bn or more from FFr 8bn had diverted investors from the Stock Market.

Club Mediterannee lost FFr 5.9 to FFr 342.2 despite reporting a 16.5 per cent increase in net income for the past year to October 31.

However, **Generale Occidentale** gained FFr 12.5 to FFr 290 on announcing net profits of FFr 76m for the six months to September, 1979.

Closing prices for North America were not available for this edition.

Indices

NEW YORK—DOW JONES

	Jan. 16	Jan. 15	Jan. 14	Jan. 11	Jan. 10	Jan. 9	1979-80 High	1979-80 Low	Since Complitn High	Since Complitn Low
◆Industr'ls	865.19	868.88	865.57	858.53	858.98	850.09	897.61 (5/10)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	75.86	75.81	75.81	75.82	74.88	74.01	86.10 (15/6)	75.55 (31/12)	—	—
Transport.	261.68	259.74	258.25	257.01	255.84	255.85	271.77 (15/6)	205.78 (27/2)	278.88 (7/2/69)	12.23 (8/7/32)
Utilities	106.58	109.05	108.80	109.17	108.27	108.10	109.74 (17/12)	98.24 (24/10)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's†	67,790	52,320	52,950	53,110	58,229	65,770	—	—	—	—

◆Day's high 881.14 low 862.12

Ind. div. yield %	Jan. 11	Jan. 4	Dec. 28	Year ago (approx)
	6.30	6.05	6.05	5.80

STANDARD AND POORS

	Jan. 16	Jan. 15	Jan. 14	Jan. 11	Jan. 10	Jan. 9	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	124.89	124.91	125.92	123.54	125.31	122.59	124.91 (15/1/80)	107.08 (27/2)	154.64 (11/1/73)	3.52 (30/6/32)
§Composite	111.85	111.74	110.38	109.92	109.89	109.85	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 9	Jan. 2	Dec. 26	Year ago (approx)
Ind. div. yield %	5.22	5.38	5.27	4.91
Ind. P/E Ratio	7.78	7.54	7.67	8.93
Long Gov. Bond Yield	10.27	10.16	10.17	8.96

N.Y.S.E. ALL COMMON

Jan. 16	Jan. 15	Jan. 14	Jan. 11	1979-80 High	1979-80 Low
63.95	63.95	63.58	63.33	63.95 (15/1/80)	53.88 (27/3)

Rises and Falls	Jan. 16	Jan. 15	Jan. 14
Issues Traded	1,893	1,903	1,930
Rises	798	764	887
Falls	739	764	685
Unchanged	356	375	358
New Highs	191	126	162
New Lows	13	17	10

MONTREAL

	Jan. 16	Jan. 15	Jan. 14	Jan. 11	1979-80 High	1979-80 Low
Industrial	348.98	347.47	345.25	341.05	348.08 (16/1/80)	219.19 (2/1)
Combined	327.97	325.60	322.27	320.06	327.97 (16/1/80)	225.80 (2/1)
TORONTO Composite	1948.8	1944.5	1922.2	1898.7	1948.8 (16/1/80)	1515.8 (2/1)

	Jan. 17	Jan. 16	Jan. 15	Jan. 14	1979-80 High	1979-80 Low
AUSTRALIA Sydney All Ord. (1958/59)	824.13	810.29	808.26	808.88	824.13 (17/1/80)	545.72 (2/1/79)
Metals & Minls (1958/59)	5348.94	5184.59	5133.77	5195.07	5348.94 (17/1/80)	2587.54 (2/1/79)
AUSTRIA Credit Aktien (2/1/62)	68.98	68.93	68.87	68.81	69.40 (7/1/80)	61.55 (2/8)
BELGIUM Belgian SE (31/12/63)	102.93	102.40	102.24	102.44	109.47 (5/10)	98.88 (3/1/79)
DENMARK Copenhagen SE (1/1/73)	85.70	85.75	85.75	85.86	97.46 (25/7)	85.70 (17/1/80)
FRANCE CAC General (29/12/61)	105.6	105.5	105.7	104.8	115.1 (5/10)	82.4 (16/2)
Ind Tendance (28/12/79)	100.9	101.5	101.9	101.5	101.9 (15/1/80)	95.6 (3/1/80)
GERMANY FAZ-Aktien (31/12/58)	220.58	221.74	222.8	222.89	265.60 (16/1/79)	220.58 (17/1/80)
Commerzbank(Dec.1953	695.8	700.5	701.5	705.2	839.60 (16/1/79)	695.5(3/1/80)
HOLLAND ANP-CBS General (1970)	82.7	83.7	83.9	84.1	94.2 (24/1/79)	82.7 (3/1/80)
ANP-CBS Indust. (1970)	66.4	67.1	67.4	67.6	85.9 (24/1/79)	65.7 (13/12)
HONG KONG Hang Seng Bank(31/7/64)	860.94	842.49	835.86	842.51	869.13 (2/1/80)	495.85 (2/1/79)
ITALY Banca Comm. Ital (1972)	90.40	88.79	87.56	85.55	95.85 (4/10)	69.38 (2/1/79)
JAPAN Dow Average (16/5/49)	6656.30	6653.26	(c)	6659.55	6659.55 (14/1/80)	5925.87 (10/4)
Tokyo New SE (4/1/68)	465.29	465.16	(c)	465.65	465.24 (29/9)	435.13 (13/7)
NORWAY Oslo SE (1/1/72)	140.85	140.55	138.27	140.61	142.22 (13/12)	74.46 (16/1)
SINGAPORE Straits Times (1966)	452.44	455.48	447.70	441.52	455.48 (16/1/80)	348.34 (23/2)
SOUTH AFRICA Gold (1958)	(u)	550.6	558.5	556.9	558.9 (14/1/80)	228.40 (17/4)
Industrial (1958)	(u)	475.5	476.9	474.3	476.9 (15/1/80)	270.50 (2/1/79)
SPAIN Madrid SE (29/12/79)	101.05	99.74	99.51	(c)	101.05 (17/1/80)	99.51 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	334.72	337.17	337.55	342.81	401.34 (8/2)	331.57 (24/9)
SWITZERLAND Swiss Bank Cp. (31/12/58	308.7	308.3	309.0	309.6	329.10 (2/5)	284.00 (5/1/79)
WORLD Capital Intl. (1/1/70)	—	135.2	135.5	134.6	138.4 (5/10)	122.2 (1/6)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
IBM	1,501,900	70	−¼
Benguet	1,386,300	13	−2⅞
IU International	789,600	13¾	+1
LTV	739,200	12⅞	—
Texaco	720,000	30¾	—
Pittston	700,400	28⅞	+2
Am. Tel. & Tel.	623,700	51⅞	−⅛
Sears Roebuck	616,600	17⅞	−⅛
Scher.-Plough	593,600	32⅞	+2⅞
Gulf Oil	583,300	35	+⅛

CANADA

Stock	Jan. 16	Jan. 15
Abitibi	21½	20⅞
Agnico Eagle	14	14⅜
Alcan Alumn	65½	67¼
Algoma Steel	36¼	34½
Asbestos	36⅞	37¼
Bk Montreal	26⅜	26⅛

BELGIUM (continued)

Jan. 16	Price Frs.	+ or —
Petrofina	5,760	+50
Royale Belge	5,240	−40
Soc Gen Banq	2,785	+15
Soc Gen Belge	1,700	−50
Sofina	3,230	+5
Solvay	2,390	−50
Traction Elect	2,515	+5
UCB	1,422	−28

HOLLAND

Jan. 17	Price Fls.	+ or —
ACF Holding	78	−1
Ahold	84	−1
AKZO	22.5	−0.9
ABN	299.5	
AMEV	100.0	−1.8
AMRO	62.6	−0.7
Bredero Cert	217.0	

AUSTRALIA

Jan. 17	Price Aust. $	+ or —
ANZ Group	4.45	+0.20
Acrow Aust	1.00	
Allstate Expl	0.98	+0.12
Ampol Pet	1.22	+0.02
Ast. Pulp Pap	2.30	
Audimco	0.26	
Aust Cons Ind	2.56	+0.01
Aust Guarant	1.43	

JAPAN (continued)

Jan. 16	Price Yen	+ or —
Makita	1,100	
Marubeni	392	−2
Marudai	644	−1
Marui	780	
Matsushita	694	−2
M'ta Elec Works	551	−2
M'bishi Bank	420	+7

APPOINTMENTS

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- ESSENTIAL REQUIREMENTS are a successful record in international trading and experience of general management. Knowledge of the wholesale food trade and a command of languages would help.
- AGE in the 40s. Salary negotiable around £25,000. London based.

Write in complete confidence
to D. A. O. Davies as adviser to the company.

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MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

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Managing Director

- THE ROLE OF NRDC is a catalytic one, concerned with the exploitation of British inventions and the venture financing of innovative companies, particularly small ones. The objective is that of encouraging and accelerating the adoption of new products and processes by industry.
- THE PRESENT Managing Director, Mr. W. Makinson, CBE, retires in May 1980.
- RESPONSIBILITY is for the whole field of current operations of the Corporation. This is exercised through a London-based team of around two hundred, of whom over half are qualified scientists, engineers, accountants, lawyers and patent agents.
- PREFERENCE is for an industrial leader with a science or engineering background and entrepreneurial skills. Ability to negotiate at the highest levels of government and industry is essential; recent experience in steering high technology developments through to profitable fruition would be an advantage.
- THE APPOINTMENT is by the Secretary of State for Industry and the salary is currently £22,200 with a car.

Write in complete confidence
to Dr. R. F. Tuckett as adviser to the Corporation.

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- THE APPOINTMENT calls for proven commercial acumen coupled with the temperament suited to an intellectually testing environment. The ability to use financial disciplines is important and a degree in business management, law or accountancy could be appropriate.
- TERMS are for discussion around £20,000. Likely age early/mid thirties.

Write in complete confidence
to G. W. Elms as adviser to the company.

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Applications are invited for the new post of Chief Surveyor in the Investments Branch of the Financial Department. The successful candidate will be required to develop the existing in-house property activities, advise on all aspects of acquisitions, development, management and disposal of properties and to co-ordinate the work of the specialists employed and the advisory services available from external sources.

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Candidates for either post should be interested in assessing and advising on general taxation policy, particularly the taxation of businesses, though there may also be some work at a more technical level, helping to prepare CBI Representations to the Inland Revenue on technical taxation issues.
They should have qualifications and experience in taxation work and preferably the ATII qualification but for the Assistant vacancy a good degree in economics, with emphasis on fiscal subjects, may suffice. An ability to write clearly and concisely is essential.
The salaries will be competitive, depending on age and experience.
Application forms from Sue Bridgett, Personnel Division, CBI, 21 Tothill Street, London SW1H 9LP (Tel: 01-930 6711).

The Confederation of British Industry
Britain's Business Voice

COMPANY NOTICES

AAC

TRANSVAAL GOLD MINING COMPANIES

ADMINISTERED BY ANGLO AMERICAN CORPORATION

FINAL DIVIDENDS—FINANCIAL YEARS ENDED DECEMBER 31, 1979

On January 17 1980, dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on February 1 1980, and to persons presenting the relevant coupons detached from share warrants to bearer. A notice regarding payment of dividends on coupon No. 79 detached from share warrants to bearer issued by The South African Land and Exploration Company Limited will be published in the press by the London Secretaries of that company on or about January 25 1980.

The transfer registers and registers of members will be closed in each case from February 2 to 15 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about March 6 1980. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on February 26 1980 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before February 1 1980.

The effective rate of non-resident shareholders' tax for the undermentioned companies is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Johannesburg and the United Kingdom.

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Rate of dividend per share
East Daggafontein Mines Limited	73	10 cents
The South African Land and Exploration Company Limited	77	20 cents
Vaal Reefs Exploration and Mining Company Limited	47	320 cents
Western Deep Levels Limited	36	225 cents

By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. BULL
Divisional Secretary

London Office:
40 Holborn Viaduct,
London EC1P 1AJ.

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent TN24 8EQ.

Johannesburg,
January 18, 1980

AAC

SOUTHVAAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND FOR YEAR ENDED DECEMBER 31, 1979

On January 17 1980 dividend No. 6 of 140 cents a share, in respect of the year ended December 31 1979 (1978: 57 cents), was declared in South African currency, payable to members registered in the books of the company at the close of business on February 1 1980.

The transfer registers and registers of members will be closed from February 2 to 15 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about March 6 1980. Registered members paid from the United Kingdom will receive the United Kingdom currency equivalent on February 26 1980 of the rand value of their dividends (less appropriate taxes). Any such members may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before February 1 1980.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

The estimated profit for the year ended December 31 1979 is stated hereunder:

	1979 R000	1978 R000
Profit before taxation	67 713	28 809
Taxation	28 434	12 095
Profit after taxation	39 279	16 714
Transfer to general reserve	2 500	1 500
	36 779	15 214
Retained profit brought forward	453	59
Profit available for appropriation	R37 232	R15 273
Dividend No. 6 of 140 cents a share	R36 400	R14 820

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. BULL
Divisional Secretary

London Office:
40 Holborn Viaduct,
EC1P 1AJ.

Head Office:
44 Main Street,
Johannesburg 2001.
(P.O. Box 61587 Marshalltown 2107)
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent TN24 8EQ.

Johannesburg,
January 18, 1980.

BRAZILIAN EQUITY HOLDINGS S.A.

Registered Office:
LUXEMBOURG
15 rue Aldringen

Notice of Annual General Meeting of Shareholders

The Annual General Meeting of shareholders of 1980 will be held at 27 Avenue Monterey, Luxembourg, on 4 February 1980 at 11.45 a.m. for the purpose of considering and voting upon the following matters:

1 To hear and accept the reports of:
(a) the directors;
(b) the statutory auditor.
2 To approve the balance sheet and the profit and loss account for the financial year ended 30 September 1979.
3 To decide on the reduction of the share premium account.
4 To discharge the directors and the auditor with respect to their performance of duties during the financial year ended 30 September 1979.
5 To approve the payment of the directors' fees.
6 To ratify the election of new directors.
7 To elect the directors to serve until the next annual general meeting of shareholders.
8 To elect the auditor to serve until the next annual general meeting of shareholders.
9 Miscellaneous.

The shareholders are advised that no quorum for the annual general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part in the general meeting of shareholders of 4 February 1980, the owners of bearer shares are required to deposit their shares three business days before the meeting at the registered office of the company or with Banque Generale du Luxembourg, S.A., 27 avenue Monterey, Luxembourg.

Bearer or registered shareholders should lodge their proxies with the company three business days before the meeting.

THE BOARD OF DIRECTORS

N V ENGELSCH-HOLLANDSCHE BELEGGINGS TRUST
(English and Dutch Investment Trust)
Established in Amsterdam

PARTICIPATION CERTIFICATES
(Issued by Royal Exchange Assurance)
NOTICE IS HEREBY GIVEN that the net asset value (unaudited) of a participation certificate as at 31st December 1979, using the official rates of exchange was 77.89 sterling.

By Order of the Board
HOLLANDSE KOOPMANSBANK N.V.
Managers

Sarphatistraat 14a,
Amsterdam C
16th January 1980.

BOND DRAWING

COMPAGNIE NATIONALE AIR FRANCE

French Public Company liable to the Civilian Air Transport code.
Registered Office in Paris:
1 Square Max Hymans.

LOAN OF U.S.$25,000,000
5¾% BONDS 1975/1982
unconditionally guaranteed by the French State.

Bondholders are hereby informed that the amortisation due on February 18, 1980 for which a sum of US$3,500,000 is planned has been partly effected by repurchases in the market.

For the repayment of the balance amounting to US$1,850,000 a draw by lot took place on January 4th, 1980 in the presence of Madame Jeanne Housse, huissier de Justice in Luxembourg. Following this draw by lot, 1,850 nominal bonds of U.S.$1,000 bearing numbers

9184 to 10933 inclusive

will be redeemable at par, coupons at February 18, 1981 and subsequents attached, as from February 18, 1980 when they will cease to bear interest.

The following banks will carry out the redemption of above bonds and the payment of interest due on February 18, 1980:

CREDIT LYONNAIS, Luxembourg.
BANQUE BRUXELLES-LAMBERT S.A., Brussels.
COMMERZBANK A.G., Frankfurt/Main.
SOCIETE GENERALE, Paris.
FIRST NATIONAL CITY BANK, London.
FIRST NATIONAL CITY BANK, New York.

Bonds bearing following numbers which are redeemable since February 18, 1979 have not yet been presented for repayment:
4940 to 5074, 5225 to 5239, 5825 to 5702, 6065 to 6067, 6070 to 6072, 6080 to 6094, 6098 to 6110, 6131 to 6150, 6182 to 6234, 6245 to 6248, 6251, 6252, 6268 to 6272, 6301, 6302, 6369 to 6372, 6396, 6399, 6400, 6432, 6443, 7103, 7104, 7234 to 7258, 7412 to 7441, 7525 to 7539, 7647 to 7661, 7684 to 7685, 7727 to 7756, 7767 to 7771, 7935 to 7938, 7959, 7972 to 7983, 7989 to 7994, 9068 to 9071.

Bonds bearing following numbers which are redeemable since February 18, 1977 have not yet been presented for repayment:

8408 to 8410

Amount remaining in circulation after this fourth amortisation:

U.S.$16,000,000

The Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

PUBLIC NOTICES

DEPARTMENT OF TRANSPORT
TOWN AND COUNTRY PLANNING ACT 1971

THE MINISTER OF TRANSPORT hereby gives Notice that he proposes to make an Order under S 209 of the above Act to authorise the stopping up of a length of Crosby Square EC3 to enable development consisting of the erection of buildings for banking and office use to be carried out in accordance with planning permission granted by the Common Council of the City of London under Part III of the said Act.

The proposed Order will require the provision of new highways maintainable at the public expense, for which the Highway Authority is to be the Common Council of the City of London.

During 28 days from the 18 January 1980 copies of the draft order and relevant plan may be inspected at all reasonable hours at the Guildhall, London EC2P 2EJ and may be obtained free of charge from the Department of Transport (quoting GLR7 38/3002/7/020) at the address stated below.

Within the above-mentioned period of 28 days, any person may by Notice to the Minister (Ref: GLR7 38/3002/7/020) Department of Transport, St. Christopher House, Southwark Street, London SE1 0TE, object to the making of the Order.

J. K. A. BENNETT
A Senior Executive Officer
Greater London Roads & Traffic Division
Department of Transport

BRIGHTON BOROUGH COUNCIL
£1.7m Bills issued 16th January 1980 due 16th April 1980 at 15 57-64ths per cent. Total applications £3.6m. No other Bills outstanding.

CITY OF EDINBURGH DISTRICT COUNCIL
£1.5m Bills issued 16th January 1980 at 15¼ % to mature 16th April 1980. Total applications were £11m and there are £4.5m Bills outstanding.

DERBY CITY COUNCIL BILLS
£600,000 due 18th April 1980 issued 16th January 1980 at a rate of 15 57-64ths per cent per annum. Applications totalling £5,400,000. These are the only Bills outstanding.

HAMPSHIRE CORPORATION BILLS
£12,000,000 Bills issued 18th January 1980 at 15.690216% to mature 18th February 1980. Applications £80,000,000. Outstanding £42,000,000.

WILTSHIRE COUNTY COUNCIL
£1,030,000 Bills issued 18th January 1980 at 15[illegible]% to mature 18th April 1980. Total applications were £8.9m and there are no other outstanding Bills.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest range of cheap flights from 4 U.K. airports. Brochure FALCON 01-351 2191.

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CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

COMMODITIES and AGRICULTURE

Copper follows gold rally

By John Edwards, Commodities Editor

COPPER PRICES rose to the highest level since mid-1974 on the London Metal Exchange yesterday, following the rally in gold. Cash wirebars closed £17.25 up at £1,098.75 a tonne and moved higher still in late kerb trading.

Dealers said the market was almost entirely dominated by speculators, who were mainly concerned with the moves in gold and silver. Thus copper prices dropped sharply in the morning in line with the decline in gold, but then surged higher when the New York market opened on a firm note and gold soared upwards again.

Lead prices also advanced strongly again yesterday but for somewhat different reasons. Cash lead rose by £29 to £493 a tonne—a gain of nearly £60 in the past week.

Significantly the cash price premium over the three months quotation has now widened to £8.5, giving credence to reports from some traders that the Soviet Union has returned to the market as a substantial buyer.

It is claimed that Soviet purchases of lead this month have reached 20,000 tonnes and this buying is creating a new squeeze on supplies available to the market.

Earlier fears that lead sales to the Soviet Union might be affected by the U.S. grain embargo, which resulted in a big drop in prices, seemed to have disappeared. But traders acknowledge there may be some problems.

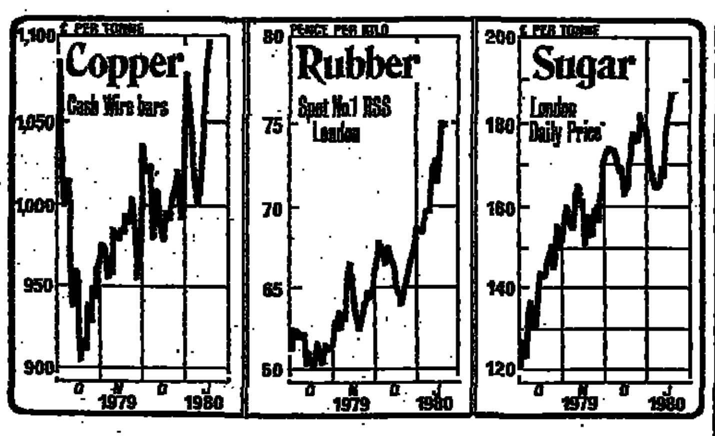
A further relaxation of the technical market squeeze on nearby supplies brought the cash price of tin sharply down again. It lost £315 to £7,495 a tonne, while the three months quotation was £55 lower at £7,275.

Reuter reported that the U.S. told the International Tin Council this week that it plans to start sales of surplus tin from the stockpile on March 1 at an annual rate of 10,000 long tons for the next three years. It intends to offer up to 500 tonnes at fortnightly sales inviting bids from buyers. The amount sold will depend on the bid prices.

Among the other speculatively-dominated commodities, world sugar prices rose to new three and a half year peaks. The London daily price for raw sugar was lifted by £4 to £187 a tonne. On the futures market the May position gained over £2.50 to close at £193.90 a tonne after falling to £189.50 at one stage and then rallying to a high of £194.75.

Rumours of new buying by China and Russia, and an apparent lack of selling in spite of the export quotas being abandoned earlier this month, were said to be behind the rise. But there is also a big speculative element that reacts to the trend in gold.

Heavy speculative buying is also the main influence behind the recent surge in natural rubber prices to new peaks.



UK limits overseas farm aid

By Our Rome Correspondent

BRITAIN'S commitment to overseas aid could not be exempted from government cuts, Mr. Donald Kirkness, British delegate to the International Fund for Agricultural Development governing council has warned.

Britain's priority, he said, was to rejuvenate her own economy. An economically strong Britain would be in a better position to assist developing nations.

Britain has so far pledged £18.5m to IFAD and Mr. Kirkness made it plain that for the time being this figure was the limit of Britain's commitment. No other delegation has made the level of their contribution to IFAD so clear, though there has been general agreement that somehow IFAD funds should be increased as well as replenished.

Mr. Kirkness went on to praise IFAD for a maturity beyond its years in the application of its funds, but warned that quality not quantity was the key to successful development projects; a view not incompatible with cuts in overseas aid.

The Jamaican delegate, responding to the British statement regretted that OECD countries such as Britain should regard increased contributions to IFAD as burdensome. Third World countries, he said, were all too familiar with the meaning of burdens.

EEC SHEEPMEAT DISPUTE

Of lambs and tennis balls

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. PETER WALKER is not the first Englishman to have run foul of the French by any means: if Shakespeare is to be believed King Henry V had many occasions when the French pushed him almost beyond endurance. One concerned the inheritance of the kingdom of France, when the French adopted the Salian of Salic law to prevent an English interpretation of the laws of succession.

When he complained, the Dauphin sent him a present of tennis balls, a mediaeval equivalent of the present day retort discourteous; Henry retaliated by besieging Harfleur, the ancient port of Le Havre. His speech on that occasion is well known: *"Once more unto the breach dear friends, or close the wall up with our English dead!"* It could well be Walker egging on the lamb exporters. Henry also counsels that in war he should "imitate the action of the tiger and disguise fair nature with hard-favoured rage."

Henry of course went on to win the battle of Agincourt, the French King's daughter in marriage, and succession to the French throne, but unfortunately died before he could collect. It seems the French always win in the end.

And in the case of Peter Walker's present obsession, it does seem that the French are still succeeding in their main objective of keeping British sheepmeat out of France.

The whole issue is now bogged down in Brussels. Hence Mr. Gundelach's pussy-footing on the matter of French defiance of the European Court. But the committee dealing with it has apparently evolved certain guidelines.

First of all there should be a Community regulation for sheepmeat which would include not only a Community funding to support price where necessary, but also some control of imports to make sure that the cost to the Community should be contained.

Imports are a major stumbling block. The main supplier is New Zealand, but sizeable quantities come from South America, Australia, and Eastern Europe. At present they are under a GATT levy of 20 per cent. It has been suggested that the levy should be deconsolidated in exchange for volume restrictions, and in return the levy should be halved to 10 per cent. The basis for the level of imports allowed could be average supplies over the last three years.

There is no agreement in the Committee over this, as no one really knows by how much imports should be reduced, in order to maintain prices. Nor what level would be acceptable to the main Euroepan countries at present concerned, France, Ireland and Britain. The exporters have not yet agreed.

It is obvious that the key to this problem would be the level to which French prices would fall, if that market was opened to unlimited imports of British lamb. At present the British price is 60 per cent of that ruling and supported in France, which is about £2,200 per tonne. If the French market fell to the British level—which it might well do with unrestricted imports—the deficiency would be around £900 per tonne or about £160m for the total French production of 180,000 tonnes. This of course would be the maximum cost.

It is obvious that British farmers and Mr. Walker would be extremely angry if the French alone benefited from a deficiency payment of this sort. So, if a Community level should be fixed universally, the cost could well be doubled, but this of course would be dependent on the prices fixed.

It has been suggested that the money should be paid in two stages; when the lambs are being sold, and then at the end of the season when the final amount due has been calculated.

This arrangement would last for five years, by which time the sheepmeat regulations would bceome established under statute in Community regulations. There has been no appreciation of the British view that there should be no aid to Community sheep farmers except from national funds. Indeed the dispute has aroused the interest of other countries who think this is a bandwagon to be jumped on with profit.

The Italians, who have the third largest sheep flock in the Community, claim that they should share in the cash. It is true that their sheep are normally used for the production of cheese and "Agnelli," very tiny lambs. They apparently believe that justice would award them some of the sheepmeat fund, even if their production is not directly comparable with that of the more Northern countries.

They would probably be joined after January 1 next year by the Greeks, who not only keep rather more sheep than the Italians, but also have some 4m goats. As anyone knows there is a genetic similarity between sheep and goats, so the goats need to share in the kitty by some means which the astute minds of the Commission would doubtless discover. Then of course when Spain joins, as seems likely, this would add another very sizeable flock of sheep to the confusion.

So there the matter rests at present. This is infuriating to Mr. Walker, who is suing not only for the amount paid to UK farmers in deficiency payments, but also for the levies paid by French importers of lamb. He is going to be still angrier when he realises that because the British market price is falling again, he will have to restart deficiency payments here.

Meanwhile the French retort to his claim for damages is likely to run on the lines of that of the Dauphin to Henry V more than 500 years ago. National character never changes.

S. Africa wool prices up

CAPE TOWN — At yesterday's wool sale here prices were generally 1 per cent higher than those at the previous sale held on Tuesday, the Wool Board said.

Competition was strong for the 7,741 bales on offer of which 96 per cent were sold.

The next sale will be held on January 31 when about 4,400 bales will be on offer.

Peru fishmeal output up

LIMA—Peru produced 650,000 tonnes of fishmeal and 120,000 tonnes of fishoil in 1979, against combined output of meal and oil of 500,000 tonnes in 1978, Fisheries Minister Jorge Villalobos said.

Sr. Villalobos gave no export figures for meal and oil in 1979 but said they had earned Peru $262m.

Reuter

Swiss plan commodities 'code of honour'

BY BRIJ KHINDARIA IN GENEVA

ABOUT 60 Swiss enterprises involved in commodity trading have joined to form a new group called the Swiss Commodity Industry Association, aimed at controlling and regulating forward buying and selling on commodity markets.

The first task of the Association's ten-member committee will be to draw up a "Code of Honour" which will be hacked by sanctions, including fines, temporary suspension and expulsion of offending Association members.

Mr. Ferdinand Prisi, director of the Louis Dreyfus Bank in Switzerland, has been elected president of the Association.

The Swiss Federal Banking Commission has welcomed the commodity industry's attempt to regulate itself.

Association membership is divided into three categories—established commodity brokers, banks and other financial institutions, and independent operators. After a long debate, the funding assembly in Zurich decided not to extend membership to commodity industry enterprises based in neighbouring Liechtenstien.

Switzerland is an important centre for the commodity trade, because of its looser tax regulations and its banking secrecy laws. Swiss companies have over the years acquired renown for their expertise in negotiating commodity contracts and handling the legal paperwork involved.

Regulation of the industry was thought necessary because of renewed uncertainty on foreign exchange and precious metals markets and the proliferation of independent operators, some of whom do not have adequate financial backing.

Cocoa stockpile moves continue

ABIDJAN— Foreign traders here say the Ivory Coast clearly intends going on with its 10-week old cocoa stockpiling policy, what ever the cost.

They say that with the 1979/1980 main crop campaign drawing to a close with purchases so far slightly under the 1978/1979 figure of 220,000 tonnes, "new, imaginative ways" to stockpile up and down the country are being devised.

An estimated 60,000 tonnes of 1979/80 Ivory Coast cocoa has been exported so far,

The foreign traders report no quality deterioration so far in stocks built up since November.

There were no coffee stocks left from the 1978-79 crop, they added.

The traders said the cost of stockpiling was being met by the marketing Board.

Reuter

Poles seek loan for UK grain

POLAND is negotiating a new line of credit from the British Export Credit Guarantee Department, ECGD, to finance Polish purchases of British grains during this year, an ECGD spokesman said in London yesterday.

Grain traders said about 300,000 tonnes of British barley could be exported to Poland this year, providing credit was offered. However, if no arrangements were made, Poland is more likely to secure barley from France, even though British barley is about £5 per tonne cheaper than French on an fob basis at present,

Last year, the ECGD granted a loan worth about $30m to Poland for the purchase of British barley and wheat syndicated through three banks. It provided for the financing of 85 per cent of each contract, providing contracts were worth at least $250,000. In addition, Morgan Grenfell provided a letter of credit to Bank Handlowy in Poland worth over $5m covering financing for the remaining 15 per cent of contracts.

The ECGD credit last year was opened at end-December 1978 for a nine-month period which was extended until the end of 1979, by which time all the credit had been taken up.

In Washington, Bob Bergland, U.S. agriculture secretary, said China had purchased nearly 2m tonnes of U.S. wheat.

He said export sales report for the week ended January 6 showed 1,189,000 tonnes of U.S. wheat sold to China for 1979-80, and another 300,000 tonnes for 1980-81.

Mr. Bergland said "it is important to note that the export of U.S. farm products will set new all-time records this year, in spite of the reduction of shipments to Russia." Exports are expected to total $4bn more than last year.

The loss of Soyabean sales to the Soviet Union will be made up in part by sales to other nations, he added.

Meanwhile the U.S. agriculture department said the larger maize crop now forecast, will result in carryover stocks this September 30 of 1,935m bushels, up from the 1,757m projected earlier

Tea strike halts shipments

Financial Times Reporter

MOVEMENT of tea chests from Calcutta's 60 warehouses has been halted by the employees of the Calcutta Tea Workers Board refusing to call off their strike which began last Monday in support of their demand for reconstitution of the Board. The workers are also protesting against the dismissal of some of their number.

A prominent tea shipper said that stoppage of tea shipments at this time when already 30m kilos (66.6m lbs) of tea are waiting to be shipped would cause further restiveness among buyers abroad who are already complaining about delivery delays.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher again on the London Metal Exchange, influenced by the movement in the bullion price. Forward metal opened at £1,130, owing to the strong close on Comex, but came under heavy selling pressure following the fall in gold. This depressed the price to £1,104 in the morning rings. Thereafter values moved up strongly in the wake of bullion with forward metal finally £1,030 on the late kerb. After hours trading saw the price rise further to around £1,145. Turnover 30,000 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,073, 74, 75, three months £1,118, 11, 08, 07, 06, 05, 04, 05, 06, 06.5, 07, 06. Cathodes, cash £1,053, 54, three months £1,086, 87. Kerb: Wirebars, three months £1,110, 09, 10, 13, 14, 12, 11, 10, 09, 08. Afternoon: Wirebars, three months £1,132, 31, 30, 31, 32, 33, 34, 33, 32, 31, 30, 29, 28, 29, 30, 31, 32, 33. Cathodes, three months £1,111, 12, 11. Kerb: Wirebars, three months £1,129, 30, 31, 32, 30, 29, 30, 31, 32, 30, 31, 30.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	1075-6	−5	1098.5-9	+17.2
3 months	1108-9	−3	1153-4	+19.7
Settlem't	1076	−5	—	......
Cathodes				
Cash	1053.5-4	−1.75	1075-6	+20.5
3 months	1086-7	−1	1110-2	+22.5
Settlem't	1054	−2	—	......
U.S. Prod	—	......	*110-12	......

TIN—Easier with cash metal falling sharply as the substantial backwardation attracted fresh supplies of nearby material to the market. Forward metal opened the day at £7,300 but drifted easier to close the late kerb at £7,270 following U.S. physical sales. Turnover 975 tonnes.

Morning: Standard, cash £7,600, 50, 40, 25, three months £7,300, 7,290, 7,300, 10, 7,300, 7,290. High Grade, three months £7,325. Kerb: Standard, three months £7,300. Afternoon: Standard, three months £7,290, 85, 80, 70. Kerb: Standard, three months £7,270.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7620-5	−327	7480-510	−317
3 months	7325-30	−42.5	7280-300	−55
Settlem't	7625	−375	—	......
Standard				
Cash	7620-5	−327	7480-510	−315
3 months	7280-300	−85	7920-80	−55
Settlem't	7625	−375	—	......
Straits E.	‡$2145	+17	—	......
NewYork	—	......		......

LEAD—Sharply higher in active trading. Forward metal opened higher at £464 and moved ahead to touch £480 in the afternoon before closing the late kerb at £479.5 with good demand for cash material coupled with short-covering sustaining the market. Turnover 12,475 tonnes.

Morning: Cash £478, 80, 82, 83, three months £472, 73, 74, 75, 74, 73, 72, 74, 75, 76. Kerb: Three months £477, 78, 79, 80, 83, 84, 83. Afternoon: Three months £486, 87, 88, 89, 90, 88, 86, 85, 84, 83, 84, 85, 85.5, 85. Kerb: Three months £481, 80.

LEAD	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Cash	482-4	+17.5	492-4	+29
3 months	475-6	+13	484-5	+25
S'ment	484	+18	—	......
U.S. Spot	—	......	*60	......

ZINC—Held steady in quiet trading prior to closing the late kerb at £345. Turnover 4,850 tonnes.

Morning: Three months £345, 45.5. Kerb: Three months £346. Afternoon: Three months £346, 45. Kerb: Three months £348.

ZINC	a.m. Official	+ or −	p.m. Unoffici'l	+ or −
	£	£	£	£
Cash	329-30	+.5	329-31	+1
3 months	345-.5	+1.75	345-6	+1
S'ment	330	+.5	—	......
Prim w'st	—	......	*37.5	......

ALUMINIUM — Lower for cash material although forward metal managed to close barely changed on balance. Three months traded around £916 on the pre-market but came under pressure and fell to £906 before recovering to close the late kerb at £910. Turnover 3,550 tonnes.

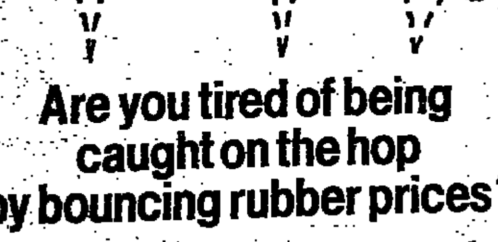
Morning: Cash £912, three months £911, 12, 10, 06, 05, 06, 06.5, 07. Kerb: Three months £908, 09, 08. Afternoon: Cash £916, three months £913, 13.5, 13, 11. Kerb: Three months £911, 10.

Alumin'm	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
	£	£	£	£
Spot	915-20	−13	915-6	−12
3 months	907-8	−6	911-2	......

NICKEL—Steady for three months material. The market traded quietly with forward metal initially moving up to £2,980 on the lower sterling before drifting back to end the late kerb at £2,935. However, cash metal was offered down on the late kerb and ended the day at £2,830. Turnover 474 tonnes.

Morning: Three months £2,970, 80, 75, 70, 55. Kerb: Three months £2,970. Afternoon: Three months £2,960, 55. Kerb: Cash £2,830, three months £2,950, 40.

NICKEL	a.m. Official	+ or −	p.m. Unoffic'l	+ or −
Spot	2865-80	......	2880-90	+15
3 months	2960-70	+15	2950-60	−4



SILVER

Silver was fixed £1.939 an ounce lower for spot delivery in the London bullion market yesterday at £19.156. U.S. cent equivalents of the fixing levels were: spot $43.350, down $4.662; three-month $43.7, down $4.922; six-month $44.139, down $5.031; and 12-month $44.924, down 4.949. The metal opened at £19.85-£20.70 ($45-$47) and closed at £19.55-£20.45 ($44½-$46½).

The London market opened with gains of 50p-£1.00 due to weaker sterling, reported T. G. Roddick. Prices fell off from these levels to show small losses but the general unease in the Middle East gave support to the market. Prices rallied later and closed with gains of 50p-£1.00.

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffici'l	+ or −
Spot	1915.6p	−195.	1965p	+105.
3 months	1943.6p	−205.	1985.5p	+117.
6 months	1969.5p	−208.	—	......
12months	2015.5p	−207.	—	......

Sales: 43 (139) lots of 100 tonnes.

LME—Turnover 260 (192) lots of 10,000 ozs. Morning: Three months 1970, 80, 60, 95, 2000, 10, 20, 15. Kerb: Cash 2020. Three months 2020, 2000. Afternoon: Three months 2050, 70, 80, 70, 60, 55, 50, 45, 60, 20, 15, 05, 2000, 1990, 80. Kerb: Three months 1990, 2000.

COCOA

A little steadier this morning futures were again fairly neglected and in light volume traded within a £20 range closing unaltered to Wednesday evening. light industry offtake was the highlight of the physical market but producers stood aloof today, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or −	Business Done
March	1457-58	+1.0	1462-42
May	1452-53	+3.5	1454-37
July	1459-60	+4.0	1463-45
Sep	1475-76	+3.0	1508-493
Dec	1503-08	+4.5	—
March	1525-35	+7.5	—
May	1545-60	+8.0	—

Sales: 1,277 (929) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 16: 143.52 (145.34); indicator price Jan. 17: 15-day average 143.58 (143.78); 22-day average 144.37 (144.10).

COFFEE

Robustas opened £15-£20 higher following a strong New York performance and maintained a steady tone throughout the morning session to consolidate in a tight trading range, reported Drexel Burnham Lambert. In the afternoon commission house buying inspired a minor rally before earlier buyers turned sellers to provide good resistance at the daily highs. Values eased slightly towards the close but finished with gains on the day.

COFFEE	Yesterdays Close	+ or −	Business Done
	£ per tonne		
January	1517-24	+24.0	1530-00
March	1549-51	+18.0	1562-45
May	1567-68	+21.5	1578-61
July	1599-01	+29.0	1603-86
Sept	1601-05	+25.5	1607-95
Nov	1590-99	+21.0	1600-89
January	1560-20	+24.0	—

Sales: 3,560 (5,385) lots of 5 tonnes.

ICS indicator prices for Jan. 16 (cents per pound). Other Mild Arabicas 170.00 (171.33). Robustas ICA 1976 163.00 (same). ICA 1968 163.25 (same). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 184.42 (184.64).

GRAINS

LONDON GRAIN FUTURES—Old crops opened 40p lower on wheat and 25p lower on barley. The market rallied after some initial weakness on good shipper buying mainly in March/May barley. Commercial selling at around unchanged halted further rises and values slipped back to close 25-35p down on wheat and 5-15p lower on barley. New crops saw reasonable trade in Sept. barley but were generally neglected and closed 25-30p lower on the day, reported Acli.

	WHEAT		BARLEY	
M'nth	Yest'rdays close	+ or −	Yest'rday close	+ or −
Jan.	96.20	−0.25	93.30	−0.05
Mar.	99.40	−0.30	96.40	−0.15
May.	103.75	−0.25	100.50	−0.05
Sept	97.10	−0.30	94.00	−0.30
Nov.	100.75	−0.25	97.50	−0.30

Business done—Wheat: Jan. 96.35-96.15, March 99.70-99.35, May 104.00-103.65, Sept. 97.30-97.25, Nov. 100.90-100.80. Sales: 282 lots of 100 tonnes. Barley: Jan. 93.35-93.00, March 96.55-96.30, May 100.65-100.30, Sept. 94.25-94.00, Nov. 97.75-97.70. Sales: 273 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 98, Feb. 100, March 100.25 transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 94.50, March 95.50 transhipment East Coast. Maize: French Jan. 115.50, Feb. 116.50 quoted East Coast. Barley: English Feed fob Jan. 98, Jan.-March 99.50, April-June 105 transhipment East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 92.30, S. West 94.20, W. Midlands 93.80, N. West 92.10. Other milling wheat: W. Midlands 98.10.

The UK Monetary Coefficient for the week beginning Monday, January 21, is expected to decrease to 1.066.

RUBBER

The London physical market opened steady with fair interest throughout the day, closing on an uncertain note. Lewis and Peat reported a Malaysian godown price of 334 (332) cents a kg (buyer, February).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb.	74.70-74.85	72.25-75.35	74.50-74.25
Mar	76.50-76.70	76.80-76.90	76.30-75.80
Apr-Jne	78.50-78.70	78.80-78.95	79.00-77.50
Jly-Sept	80.40-80.50	80.55-80.75	80.70-79.10
Oct-Dec	81.60-81.80	82.00-82.05	82.00-80.55
Jan-Mar	82.85-82.95	83.45-83.50	83.25-81.60
Apr-Jne	84.10-84.30	84.70-85.00	84.10-84.05
Jly-Sept	85.55-85.60	86.20-86.30	85.90-85.60
Oct-Dec	86.80-87.50	87.60-87.70	86.20

Sales: 1,016 (859) at 15 tonnes: 81 (275) at 5 tonnes.

Physical closing prices (buyer) were: Spot 74.50 (75.00p): Feb. 73.00p (73.50p); March 74.00p (74.50p).

SOYABEAN MEAL

Soyabeans—U.S. Two Yellow Gulf-ports Jan. $262.25, Feb. $266.25, March $269.75, April $275.25, May $277.75, June $283, July $284.50, Aug. $288.25, Sept. $290.25, Oct. $292.25, Nov. $291.25, Dec. $298.75, Jan. $302.75. Brazil Yellow FAQ unquoted. Argentine unquoted.

	Yest'rd'y Close	+ or −	Business Done
	£ per tonne		
February	123.10-23.8	+0.80	125.40-23.00
April	119.50-18.7	+1.0	118.70-17.00
June	116.50-16.7	+0.65	116.80-15.80
August	117.70-17.8	+0.45	—
October	115.50-17.0	−0.05	—
December	117.50-18.8	−0.20	—
February	121.00-21.5	+0.60	—

Sales: 6,303 (6,721) lots of 50 tonnes.

Soyameal—44 per cent protein U.S. AFL $252, Jan. $249, Feb. $246, March $246, April/Sept. $244, Nov./Mar. $266. Brazil Pellets AFL 270, Jan. $270, Feb. $267, Mar. $253, April/May $247, April/Sept. $252.

SUGAR

LONDON DAILY PRICE (raw sugar): £187.00 (£183.00) a tonne cif for Jan.-Feb.-March shipment. White sugar daily price was £195.00 (£190.00).

Buy-at-best orders on the opening initially lifted prices some 125 points above kerb levels but the market then fell back some 200 points from the best levels. Later, however, all the losses were recovered and final quotations were around the highs of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	191.80-92.00	189.75-90.00	195.50-80.75
May	195.80-94.00	191.15-91.25	194.75-80.50
Aug.	194.75-94.80	191.80-91.85	195.50-81.50
Oct.	194.20-94.30	191.25-91.50	194.75-81.50

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 192.75, 183.00; Aug. 193.80, 194.25 Oct. 193.20, 193.25; Jan. 192.00, 192.50; March 194.00, 194.50; May 194.00, 194.50; May 194.00, 194.50. Sales 1,364 (162).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales). April 198.00, 200.00, 196.50-195.00, 54; July 197.00, 202.00, 198.00, 1; Sept. 198.00, 204.00, nil, nil; Nov. 198.00, 206.00, nil, nil; Feb. 201.00, 211.00, 199.00, 10; April 202.00, 212.00, nil, nil; July 205.00, 220.00, nil, nil. Sales: 65.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £263.00 (£259.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 16: Daily price 17.08 (16.75): 15-day average 15.48 (15.34).

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 17: GB—Cattle 80.21p per kglw (+0.39). UK—Sheep 135.4p per kgestdcw (no change). GB—Pigs 71.0p per kglw (+5.8).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 64.0 to 68.0, Eire hindquarters 72.0 to 76.0, forequarters 45.0 to 49.0. Veal: English fats 78.0 to 88.0, *English fats 91.0, Dutch hinds and ends 110 to 118.0. Lamb: English small 56.0 to 60.0, medium 50.0 to 56.0, heavy 40.0 to 50.0; Scotch medium 48.0 to 56.0, heavy 40.0 to 50.0; Imported frozen NZ PL new season 51.0 to 52.0, NZ PM new season 49.0 to 50.0. Pork: English, under 100 lbs 36.0 to 50.0, 100-120 lbs 38.0 to 47.0, 120-160 lbs 35.0 to 46.0. *Special quotation—very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navel/Navelinas 4.00-4.40: Jaffa: Navels/Shamouti 50/189's 3.90-5.45; Greek: 2.50-2.60; Moroccan: 84/113's 3.80-4.20. Satsumas—Spania: 95/189's 3.40-3.80. Clementines—Moroccan: 3/6's 4.00-5.00; Cypriot: 126/162 3.40-4.00. Lemons—Italian: 100/150's 5.70-6.00; Cypriot: 11 kg 84/120's 3.60-5.00. Grapefruit—Cypriot: 3.80-3.40; 20 kg 3.60-4.50; Jaffa: Large boxes 32/88's 3.80-4.80; Florida: Pink flesh 36/48's 4.80-5.80. Sours/Bitters—Spanish: 4.30-4.50. Apples—French: Golden Delicious, boxes 40 lb 138/175 4.60-5.40; 20 lb 2.30-2.80; Granny Smith 20 lb 2.60-3.20, 40 lb 5.60-6.00, Starkcrimson, approx. 20 lb 72's 2.60; 40 lb 5.60-6.30; Hungarian: Starking 40 lb 138's 6.00; Canadian: Red Delicious 40 lb 8.50-9.50; Italian: Granny Smith 20 lb, per pound 0.13-0.15. Peaches—S. African: Trays 23/28's 2.00-2.60. Grapes—Spanish: Almeria 2.80-3.20, Black 4.00; Californian: Red Emperor, per pound 0.50: S. African: Queen of the Vineyard 6.50. Plums—S. African: Santa Rosas per pound 0.35-0.50, Apricots—S. African: Per pound 0.40-0.50. Avocados—Israeli: 4.50-4.60. Melons—Spanish: Green 7.00, 15 kg Green 8/15's 13.00. Pineapples—Ivory Coast. Each 0.50-0.70 Onions—Spanish. 5.60-6.00; Dutch: 3.00-3.30. Tomatoes—Spanish: 1.50-2.50; Canary 2.60-4.00. Lettuce—French: 12's 1.50; Dutch: 24's 3.60. Cucumbers—Canary: 10/14's 2.60-3.20; Spanish: 2.50. Capsicums—Per pound Canary: 0.40. Celery—American: 36's 13.00; Israeli: 20/24's 6.60; Spanish: 5.50-6.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 17 1980	+ or −	Month ago
Metals			
Aluminium	£770/810	......	£760 70
Free Mkt (es)	$1850/1950	......	$1750/18
Copper			
Cash w'bar	£1,098.75	+17.25	£1007
3 mths	£1,133.5	+18.75	£1005.5
Cash Cathode	£1,076.5	+20.5	£976
3 mths	£1,011	+22.5	£988.5
Gold troy oz.	$760	+5	$469
Lead cash	£493	+29	£529
3 mths	£484.5	+23	£513.5
Nickel	£3,195.78	......	£3,260.17
Freemkt(cif (lb	280/310c	......	270/310c
Platin'mtr'y oz	£189.0	......	£195
Free mkt	£384.60	+0.95	£280.90
Quicksil'ver	$385/395	−5	$375/380
Silver troy oz	1915.6p	−195.9	1067.45p
3 months	1943.6p	−205.9	1106.45p
Tin Cash	£7,495	−315	£7,520
3 mths	£7,275	−55	£7,345
Tungsten22.04lb	$138	......	$137.75
Wolfrm 22.04 lbs	$140/144	−0.5	$128.5/134
Zinc cash	£330	+1	£343
3 months	£345.5	+1	£351.25
Producers	$780	......	$780
Oils			
Coconut (Phil)	$920r	+20	$875
Groundnut	‡	......	‡
Linseed Crude	‡	......	£395
Palm Malayan	$655s	......	$666
Seeds			
Copra Philip	$595r	+10	$575
Soyabean(U.S.)	$285.25s	+1.25	$292.10
Grains			
Barley Futures	£96.40	−0.15	£97.85
Maize			
French No3AM	‡	......	£120
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£94.50r	......	£105.20
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship.t	£1,513	+1	£1,570
Future May.	£1,462.5	+3.5	£1,508.5
CoffeeF't'rMar	£1,550	+18	£1,673
Cotton A.Index	86.95c	+0.35	82.80c
Rubber (kilo)	74.50p	−0.5	64.00p
Sugar (Raw)	£187	+4	£178
Wooltp's 64s kl	282p kilo	+3	276p kilo

r Jan.-Feb. s Feb. v Feb.-March. t March-April. u April. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, January 17.

GOLD AND silver recovered from early setbacks and finished locked limit up on further rumours of potential Soviet confrontation with Iran; copper followed suit. The political unrest also had a major impact on sugar, which rose sharply in sympathy with the metals. Short-covering in coffee produced moderate gains in a bearish market. Light buying in cocoa by the trade was sufficient to advance prices moderately. Cotton rallied impressively in the nearby months as concern about the quality of the U.S. crop and potential problems with certification for delivery continues. Bearish fundamentals took over in the livestock complex and generated heavy selling and losses on the close. A major rally in grains and soyabeans resulted in sharply higher prices on the close, reported Heinold.

Copper—Jan. 119.90 (115.40), Feb. 120.60 (115.60), March 121.40, May 123.30, July 125.00, Sept. 126.00, Dec. 127.00, Jan. 127.50, March 128.40, May 129.30, July 130.20, Sept. 131.10. Sales: 12,000.

Potatoes (round whites)—March 60.5-60.6 (61.5). April 66.8-67.5 (67.3). May 76.7-76.8, Nov. ——. Sales: 539.

¶Silver—Jan. 4850.0-4880.0 (4570.00), Feb. 3900.0 (3800.00), March 3950.0, May 4000.0, July 4040.0, Sept. 4080.0, Dec. 4137.0, Jan. 4156.5, March 4193.5, May 4230.5, July 4267.5, Sept. 4304.5. Sales: 7,000. Handy and Harman bullion spot 4500.00 (47.00.00).

Tin—785.00-789.00 asked (793.00-805.00).

CHICAGO, January 17.

Lard—Chicago loose 21.00 (21.50). New York prime steam 22.50.

Live Cattle—Jan. 64.92 (65.72), Feb. 64.92 (66.42), April 67.70-67.80, June 69.90-70.00, Aug. 70.30-70.20, Oct. 69.02-69.05, Dec. 70.20-70.40, Jan. ——, Feb. ——.

Live Hogs—Feb. 40.25-40.15 (40.70), April 39.50-39.45 (39.60), June 42.55-42.60, July 43.45-43.35, Aug 42.30, Oct 41.50, Dec. 43.57, Feb. 45.50, April 46.00.

‡‡Maize—March 277¼-276 (269½), May 289½-289 (282¼), July 298-297½, Sept. 304, Dec. 309¾-310½, March 322

Pork Bellies—Feb 41.60-41.75 (42.62), March 42.60-42.75 (43.32), May 44.45-44.30, July 46.10-46.20, Aug. 45.30, Feb 51.62, March ——, May ——, July ——, Aug. ——.

Silver—Jan. 4870.0 (4570.0), Feb 3905.0 (3785.0), March 3937.0, April 3972.0, June 4019.0, Aug. 4063.0, Oct 4110.0, Dec 4155.0, Feb. 4195.0, April 4240.0, June 4285.0, Aug. 4330.0, Oct 4375.0, Dec. 4420.0, Feb. 4465.0, April 4517.2, June 4556.9, Aug. 4596.5.

†Soyabeans—Jan. 662-661½ (638¾), March 678-676 (655), May 699-700, July 719-717½, Aug 729-731½, Sept. 731, Nov 743-740½, Jan. 760.

‖Soyabean Meal — Jan. 192.50 (184.20), March 193.00-192.00 (185.90), May 196.00-195.50, July 200.00-200.50, Aug 202.00, Sept. 204.50-203.50, Oct. 204.50-204.80, Dec. 207.30-206.50, Jan 208.20-208.00, March 209.00-211.00.

Soyabean Oil — Jan 23.60-23.50 (22.87), March 23.95-24.00 (23.32), May 24.35-24.30, July 24.62-24.65, Aug 24.75-24.85, Sept 25.00-25.10, Oct 25.20-25.30, Dec. 25.70, Jan. 25.65, March 25.90.

†Wheat—March 453-454½ (435¾), May 463-462 (446¼), July 466-469, Sept. 480-482, Dec 496-497, March 513.

WINNIPEG, January 17. §Barley—March 120.00 (118.45), May 120.30 (118.45), July 118.70, Oct. 113.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.30 (237.90).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs) § $Can per metric ton. §§ $ per 1,000 sq. ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 17.

Wheat—U.S. No Two Dark Hard Winter wheat 13.5 per cent Feb. $194, March $196. U.S. Hard Winter Wheat ordinary unquoted. U.S. No Two Red Winter wheat Feb. $194, March $196. U.S. No Two Northern Spring wheat 14 per cent Jan. $197.50, Feb. $206, March $208, April/May $198, May/June $198.

Maize—U.S. No Three Corn Yellow Jan. $126.50/$128, Feb $128, March $131, April/June $136.50 trdd., $131.50, Jan. 129 Feb $128, March $131, April/June $137, July/Sept. $141, Oct./Dec. $145.

PARIS, January 17.

Cocoa (FFr per 100 kilos)—March 1331/35, May 1320/27, July 1320/40, Sept 1330/50, Dec. 1335/55, Mar. 1340/60. Sales at call 1

Sugar (FFr per 100 kilos). Mar. 1765/66, May 1784/85, July 1780/95, Aug. 1790/95, Oct 1795/1810, Nov. 1790/1810, Dec 1800/25, Mar. 1805/40. Sales at call 16

INDICES

FINANCIAL TIMES

Jan. 16	Jan. 15	M'nth ago	Year ago
293.24	292.03	299.98	253.05

(Base: July 1, 1952=100)

MOODY'S

Jan. 16	Jan. 15	M'nth ago	Year ago
1494.2	1457.5	1260.5	992.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 16	Jan. 15	Month ago	Year ago
Spot	421.34	420.62	421.21	375.16
F'tur's	429.94	427.84	429.70	369.62

(Average 1924-25-26=100)

REUTERS

Jan. 17	Jan. 16	M'nth ago	Year ago
1716.7	1715.2	1707.0	1496.7

(Base: September 18, 1931=100)

WOOL FUTURES

LONDON GREASY WOOL—Close (in order buyer, seller only). Pence per pound. March, May, July, Oct., Dec., March, May and July 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). March 188.0, 198.0; May 188.0, 198.0; July, Oct., Dec., March, May and July 187.0, 197.0.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound). Micron Contract: March 447.0, 447.5, 450.0-446.0, 106; May 472.5, 474.0, 474.0-466.0, 229; July 496.5, 497.0, 498.0-494.0, 459. Oct. 496.0, 498.0, 497.0-496.0, 87; Dec. 496.0, 498.0, 497.0-491.0, 69; March 498.0, 499.0 499.0-494.0, 50; May 500.0, 502.0, 500.0-495.0, 20; July 499.9, 500.0, 500.0-497.0, 3. Sales: 1,023.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 213 tonnes, bringing the total for the week so far to 834 tonnes. Mixed dealings were reported with a steady offtake. Users took note of the high prices ruling but wanted additional supplies of North American styles.

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GRIMSBY FISH—Supply good, demand poor. Prices at ship's side (unprocessed) per stone: Shelf cod £3.30-£3.80, codlings £2.50-£3.00; large haddock £4.40-£5.00, medium £4.20-£4.70, small £1.80-£2.80; large plaice £3.70, medium £3.20-3.60, best small £3.00-£3.40; Skinned dogfish (large) £10.00, (medium) £7.00; Rockfish £3.22, Saithe £3.20-£3.80.

Profit-taking reverses upturn but lingering demand cushions fall in equities and Gilts—Golds also down

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 28	Jan. 10	Jan. 11	Jan. 21
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18

* "New time" dealings may take place from 9.30 am two business days earlier.

Not surprisingly, stock markets yesterday reacted after the recent boom conditions. For various reasons, profit-taking developed in all three main investment sectors, but in each the selling was often resisted and losses were relatively modest compared wtih advances over recent weeks.

Concern about the steel strike revived and the threat posed by the water workers also tended to inhibit potential buyers. Leading shares thus opened several pence easier but recovered quickly thanks to a demand which was thought to represent an overhang of Wednesday's late business.

When these orders were completed, however, prices tended to sag again as the market became uncertain and volatile. The movements in the *FT* 30-share index were a good guide to the trend in leading equities; it showed falls ranging from 1.6 at 11 am to 6.1 at 3 pm before closing at 450.8 for a day's loss of 4.7—a modest decline when measured against the rise of 48.6 over the previous nine trading sessions.

A tendency for domestic holders to take profits in British Funds was partly offset by further overseas investment. Losses were restricted to around ½ and these were later reduced following the latest money supply figures which confirmed only marginal growth last month in sterling M3. The announcement well after the official close that the Prime Minister had asked the Industry Minister to meet the steel unions made for a slightly nervous and easier market in Gilts, but equities became steadier.

A wave of profitt-aking influenced by the early fall in the bullion price yesterday—it rallied very sharply later in New York—brought a reaction in South African Gold shares. At one stage, the losses were stretching to over two points, but they were finally clipped to around 1½ points helped by renewed U.S. demand. The *FT Mold Mines* index, at 339.0, gave up 17.1 of its near 90 point gain in the past five trading days.

Interest in Traded Options waned a little yesterday with the total number of contracts falling below the thousand mark *for the first time this week at* 955. Grand Metropolitan, with 197 deals done, were fairly lively ahead of and after the preliminary results were announced but recent high-flier Consolidated Gold Fields became much quieter with 117 contracts completed.

Suggestions that the bank's bullion dealing subsidiary Samuel Montagu has had a highly profitable time recently in the precious metal markets, particularly in silver, attracted a good demand in Midland which touched 368p before closing a net 10 *higher at 362p. Other* major clearers, however, came back from early firmness to close easier for choice. NatWest finished 5 off at 352p, after 360p, while Lloyds ended a couple of pence lowe rat 308p, after 312p. *Hire* Purchases experienced another busy two-way trade with the closing tone mixed. Profit-taking after the previous day's good gains on bid hopes clipped 3 from Lloyds and Scottish at 131p and 1½ from FNFC at 15p. Wagon Finance, on the other hand, hardened a penny to 37p as did Sturla, to 14p, and Moorgate Mercantile, to 17p. Discounts rose in sympathy with gilts. Cater Ryder, 315p, and Union, 390p, gained 10 apiece, while Alexanders put on 7 to 205p.

Insurances gave ground on light profitt-aking. Royals reacted 7 to 335p and Sun Alliance 6 to 540p with GRE the same amount down at 242p.

Breweries weer inclined easier, but Davenports' provided a bright exception and advanced 9 to 155p in response to a revival of takeover talk.

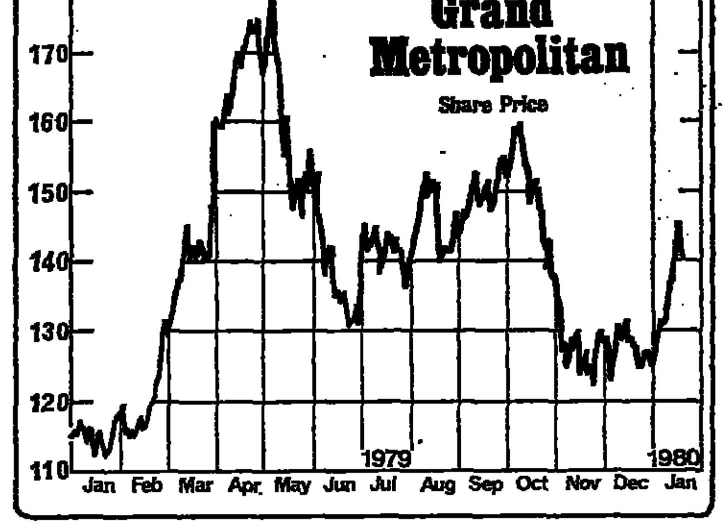
The Building sector was featured by Royco which jumped 7 to 48p, after 50p, on the 50p per share bid from Bonnerpark. The leaders encountered a lively evenly balanced trade and usualy maintained overnight levels. But Magnet rnd Southerns, at 155p, gave back half the previous day's gain of 18 that stemmed from the increased *interim* profits. Irish currency infinences helped Cement Roadstone add 3 to 84p. Elsewhere, Brown and Jackson came in for support and firmed 5 to 220p and Tilbury Contracting improved 7 to 205p, the latter in a thin market. Buyers Hassell, a couple of pence better at 70p, and James Latham, 3 to the good at 135p. Gough Cooper eased 2 to 72p on profit-taking.

A useful business was done in ICI which finished a couple of pence cheaper at 376p, after 374p. Fisons, on the other hand, encountered sellers and shed 8 to 289p. Down 10 on Wednesday following the sharply lower half-yearly profits, Allied Colloids *slipped to 120p before recovering* to the overnight level of 126p.

House of Fraser were again outstanding in Stores, rising 10 further to 134p. after 139p, on vague rumours concerning Lonrho's stake in the company. Dixons Photographic, on the other hand, lost 7 to 97p following *the disappointing interim* results, while Kitchen Queen came under renewed selling pressure and, at 26p, lost the previous day's improvemtn of 4. Raybeck also lost 4, to 77p, on nervousness ahead of today's interim *results, while Burton A met* profit-taking to finish 6 off at 236p. Courts (Furnishers) A hardened a penny to 81p, after 84p, following the half-yearly figures and A. and J. Gelfer firmed 2 to 45p for a similar reason. Bambers added 5 to 90p and Church put on 6 to 175p.

GEC fluctuated narrowly before falling away to close 7 off at 349p. Elsewhere in the Electrical leaders, Thorn closed a few pence above the worst at 298p for a fall of 4. Reflecting disappointment with the annual results, Eurotherm reacted to 278p before settling at 283p, down 12 on the day, while Henry Wigfall fell to 195p on the lower interim profits but rallied to end only 2 cheaper on balance at 215p. Revived nervous selling ahead of next Thursday's preliminary results prompted fresh weakness in Muirhead which gave up 7 to 239p. On the other hand, Louis Newmark gained 12 to 220p in a restricted market.

Quietly dull throughout the official trading session, leading Engineers staged a small rally *in the late dealings following the* latest moves in the steel dispute. Hawker Siddeley ended 4 cheaper a t186p, after 184p, while GKN finished 2 off at 265p, after 264p and Tubes settled a similar amount lower at 268p, after having been down to 266p. Secondary issues presented a mixed appearance. B. Elliott rose *6 to 218p, while occasional* support lifted Spirax-Sarco 4 to 170p and Matthew Hall 3 to 169p. Favourable Press mention stimulated buying interest in Delta Metal which improved 1½ to 62p. By way of contrast, *Mining Supplies gave up 4 to* 80p, while Babcock, a firm market of late, ran back a few pence to 110p. Lower interim profits left Wm. Cook (Sheffield) a penny cheaper at 19p.



Tate and Lyle shed 10 to 158p following adverse Press comment on the annual results. Other leading Foods encountered a reasonable two-way business and closed narrowly mixed, but British Sugar, still overshadowed by the annual report, lost 7 to 132p. Elsewhere, speculative counter Amos Hinton met profit-taking, and at 83p, gave back 5 of the previous day's gain of 12. Avana responded to the Board's confident statement and dividend payment with a rise of 4 to 102p. Glass Glover attracted further support and added another 3 to 53p, while speculative buying lifted Carr's Milling 6 to 90p.

Although the *preliminary* figures from Grand Metropolitan were at the top end of expectations, disappointment in some quarters with the dividend payment coupled with the liquidation of recent bull positions caused a *reaction of 5 to 140p.*

Trusthouses Forte, at 155p, gave back 3 of the previous day's gain of 16 that followed the increased profits and dividend. Elsewhere in Hotels and Caterers, Comfort revived with a gain of 1½ to 23½p, but Reo Stakis, a good market on Wednesday on the results, came back 2 to 57p.

Miscellaneous industrial leaders generally drifted lower on light profit-taking and the withdrawal of institutional support, but Turner and Newall rose 8 to 142p, after 144p, following details of the financial positions of its *Rhodesian subsidiaries. Bowater* dipped 5 to 160p and Beecham declined 4 to 123p as did Unilever, to 476p. Elsewhere, speculative buying on bid hopes helped United Carriers advance 7 to 144p, while similar improvements *were seen* in Holt Lloyd International, 237p, and Hunting Associated, 270p. Henry Boot rose 9 to 114p in a thin market and Petrocon added 5 to 32p. A firm market recently on an investment recommendation, BET gave up 4 to 121p following the disappointing interim results. Gnome Photographic, 58p, and AGB Research, 167p, both lost 5 after uninspiring trading statements and Gestetner fell 3 to 73p on the reduced annual earnings. Friedland Doggart relinquished 3 to 127p on a reported bid denial.

Markets P P P P

Against the generally easier trend in Motors Components, Lucas attracted fresh buying and firmed 5 to 250p. In Garages, British Car Auction and Lookers added 3 apiece to 65p and 50p respectively, while Pennine hardened ½ for a two-day gain of 1½ to 8p on bid hopes.

Subjected to a two-day business early on, Properties gave ground as sellers gained the upper hand. Land Securities drifted off to close 5 cheaper at 275p while MEPC eased 3 to 175p and Stock Conversion shed 4 to 370p. Haslemere cheapened 6 to 284p, while British Land and Capital and Counties gave up 2 apiece to 65p and 93p respectively. London and Provincial Shop touched 250p before settling 4 cheaper on balance at 246p. On the other hand, Imry became a firm market and advanced 20 to 540p, while Corn Exchange responded to the increased annual profits and proposed seven-for-one scrip issue with a gain of 11 to 268p.

Oils shares were featured by a revival of speculative support for Siebens (UK) which pushed ahead *to close 34 higher at 540p.* Other secondary issues made further progress, buying interest again being stimulated by the Iranian threat to halve its output. CCP North Sea rose 8 to 240p and Viking 15 to 640p, while *Gas and Oil Areage improved 5* to 300p and Aran Energy 10 to 310p. Among the leaders, British Petroleum moved narrowly before settling without alteration at 354p, but Shell drifted off to close 4 down at 334p.

Still reflecting recent investment comment, Lonrho rose 4 more to 105p. Elsewhere in over*seas traders*, Gill and Duffus cheapened a penny further to 130p with sentiment still unsettled by the surprise resignation of the chairman.

Among Shippings, Ocean Transport, 88½p, and P. and O. Deferred, 114p, gave up around 2 apiece. British and Commonwealth, however, ended a few pence firmer at 295p, after touching 298p in the early dealings.

Textiles were inclined easier in places. Occasional offerings *left Tomkinsons* 3 lower at 36p and Lister a similar amount off at 48p. Among Tobaccos, Imps, 1½ lower at 79p, were not helped by a report that the Government is expected to sharply increase the rate of tobacco duty *in the spring* budget.

In Plantations, Castlefield (Klang) rose 10 more to 420p for a rise of 80 since Tuesday's announcement that it proposes to sell its Castlefield Estate for property development.

South African industrials continued firmly in places. OK Bazaars put on 15 to 630p and Tiger Oats 40 more to 670p.

A follow-through of the profit-taking which began late on Wednesday led to a sharp correction in South African Golds and caused a 71.1 drop in the Gold Mines index to 339.0.

The erratic course of the bullion price—*it fell to $728 at the* morning fixing before rallying strongly to close $5 up on the day at $760 an ounce—brought out fairly heavy selling in the morning and early afternoon.

However, the opening of U.S. mrkets and the recovery in the bullion price saw a resurgence of buying demand and share prices picked up accordingly.

Durban Deep were the hardest-hit among the heavyweights with a fall of £1½ to £13⅜, while Vaal Reefs gave up £1¼ to £30¼ ahead of the sharply higher dividend and St. Helena £1¼ to £26⅛.

Medium and lower-priced issues showed Doornfontein 61 lower at 632p and losses of 44 common to Venterspost and Welkom at 649p and 626p respectively.

Against the general trend, South African Land jumped 36 more to 340p in front of the final dividend while Wit. Nigel put on 13 to 123p.

Gold Fields initially fell to 454p but rallied sharply after-hours to close 2 firmer on baance *at 468p. Rio Tinto Zinc* edged up 3 to a 1979-80 high of 367p reflcting the upsurge in copper.

In South Africans, Anglo American recovered from 645p to finish 10 cheaper on balance at 675p.

Platinums moved erratically; Rustenburg were finally 6 up at 306p, after 295p, while Impala closed unchanged at 290p, after 277p. Lydenburg dropped 9 to 176p.

Rhodesians remained strong with Coronation 15 up at a 1979-1980 high of 390p and Falcon 10 better at 650p.

Australians eased at the outset, but picked up towards the close. Renewed speculative buy*ing lifted Mount Lyell 6 more* to 84p and Paringa 3 to 61p.

Whim Creek touched a 1979-80 high of 100p before easing to close only a penny firmer at 94p following the placing of 1m shares in Australia and Europe *to finance the build-up of production* at its Meekatharra gold project.

FINANCIAL TIMES STOCK INDICES

—	Jan. 17	Jan. 16	Jan. 15	Jan. 14	Jan. 11	Jan. 10	A year ago
Government Secs.	68.30	68.52	68.05	67.83	68.80	68.85	67.68
Fixed Interest	68.80	68.85	68.49	68.00	67.56	68.46	70.02
Industrial	450.8	455.5	441.7	445.8	435.2	450.8	474.5
Gold Mines	339.0	356.1	337.0	320.6	294.9	280.5	150.1
Ord. Div. Yield	7.26	7.20	7.41	7.35	7.50	7.86	8.32
Earnings, Yld. % (full)	18.02	17.85	18.39	18.30	18.67	18.89	16.06
P/E Ratio (net) (*)	6.83	6.90	6.70	6.73	6.59	6.54	8.09
Total bargains	26,815	27,000	25,427	26,103	24,058	19,329	—
Equity turnover £m	—	157.05	113.87	127.61	132.07	101.76	61.54
Equity bargains total	—	20,113	17,281	19,129	16,127	14,559	11,481

10 am 461.0. 11 am 453.9. Noon 450.8. 1 pm 449.8.
2 pm 449.4. 3 pm 449.4.
Latest Index 01-246 8026.
*Nil=6.59.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (19/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	356.1 (16/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 17	Jan. 16
—Daily		
Gilt Edged	155.5	178.3
Industrials	144.7	155.7
Speculative	178.1	123.1
Totals	115.1	96.6
5-d'y Av'r'ge		
Gilt Edged	158.5	163.2
Industrials	156.1	137.2
Speculative	115.1	93.7
Totals	102.8	94.6

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	325	32	—	46	4	—	—	355p
BP	350	10	39	32	11	—	—	"
BP	360	—	—	—	—	43	1	"
BP	375	1	19	20	2	—	—	"
BP	390	—	—	—	—	35	7	"
BP	400	½	1	13	17	—	—	"
Com. Union	140	5	2	13	9	19	20	144p
Com. Union	160	¼	—	5	2	10	—	"
Cons. Gold	330	131	3	145	—	161	—	461p
Cons. Gold	390	71	—	94	4	113	—	"
Cons. Gold	420	42	7	72	6	94	11	"
Cons. Gold	460	11	57	50	27	72	2	"
GEC	360	4	26	28	13	42	—	350p
GEC	390	½	—	14	25	28	—	"
Grand Met.	130	—	—	18	—	23	5	140p
Grand Met.	138	3	86	—	—	—	—	"
Grand Met.	140	—	—	11	52	16	9	"
Grand Met.	158	½	5	—	—	—	—	"
Grand Met.	160	—	—	4	10	11	30	"
ICI	360	18	13	31	12	44	—	376p
ICI	390	½	—	14½	20	27	—	"
Land Secs.	260	16	34	34	—	44	—	275p
Land Secs.	280	3	—	20	6	30	—	"
Land Secs.	330	½	—	4	5	11	—	"
Marks & Sp.	90	2	18	8½	—	11	17	88p
Shell	330	—	—	30	6	42	—	333p
Shell	360	—	—	18	1	24	—	"
Shell	375	½	8	—	—	—	—	"
Shell	390	—	—	10	6	14	15	"
Totals			317		238		117	

Option	Ex'rcise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Boots	180	10	2	19	6	27	—	183p
Boots	200	1½	2	10	—	—	—	"
EMI	120	17	10	17	—	—	—	135p
EMI	130	8	20	10	—	—	—	"
Imperial Gp.	80	2½	12	4½	141	7	—	79p
Racal Elec.	200	17	8	30	—	38	—	205p
Racal Elec.	280	6	—	19	13	27	—	"
RTZ	330	43	20	63	—	78	—	366p
RTZ	360	20	45	43	4	58	—	"
Totals			119		164			

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (45)

BEERS (2)
Gordon (L.) Invergordon
ENGINEERING (2)
Howden Group Whessoe
FOODS (1)
Low (Wm.)
INDUSTRIALS (4)
British Vita Hunting Assoc.
Eastern Produce Stelux
MOTORS (1)
Dutton-Forshaw
PAPER (1)
Eucalyptus
SOUTH AFRICANS (4)
Gold Fields Prop. S.A. Breweries
OK Bazaars Tiger Oats
TRUSTS (3)
Lazard Stlg. Res. West of England
Int. Inv. Tst. Jersey
OIL & GAS
Aran Energy Santos
Imp. Cont. Gas Siebens (UK)
OVERSEAS TRADERS
Lonrho
RUBBERS (6)
Barlow Hlds. Guthrie
Bertam Cons. Harrisons Malay. Est
Castlefield London Sumatra
TEAS (1)
Lawrie Plantation
MINES (15)
S. African Land Mount Lyell
Wit. Nigel Paringa
Free State Dev. Western Mining
Unisel Whim Creek
Middle Wit. Malay Dredging
Coronation Messina
Falcon RTZ
Broken Hill South

NEW LOWS (10)

BANKS (1)
Algemene
STORES (1)
Cope Sportswear
ELECTRICALS (2)
Audiotronic 12pc Philips Lamps
ENGINEERING (1)
Porter Chadburn
FOODS (1)
Needlers
INDUSTRIALS (2)
Prestige Tranwood
TEXTILES (2)
Carrington Viyella Tomkinsons

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	67	20
Corpns. Dom. and Foreign Bonds	4	8	54
Industrials	323	261	828
Financial and Prop	180	116	222
Oils	14	13	15
Plantations	12	1	16
Mines	41	80	46
Others	61	42	69
Totals	806	658	1,289

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Jan. 17, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Jan. 16 Index No.	Tues., Jan. 15 Index No.	Mon., Jan. 14 Index No.	Fri., Jan. 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	226.67	−0.4	19.19	6.86	6.59	227.69	223.47	224.51	220.75	233.28
2	Building Materials (27)	214.03	+0.3	18.38	7.19	6.98	213.36	206.79	207.76	203.80	206.20
3	Contracting, Construction (29)	340.86	—	27.09	7.11	4.56	340.80	336.49	335.71	324.62	357.01
4	Electricals (15)	578.21	−1.4	14.00	4.30	9.52	586.37	576.53	580.68	574.84	542.78
5	Engineering Contractors (11)	292.71	+0.4	26.58	8.77	4.81	290.51	291.36	294.89	287.10	368.32
6	Mechanical Engineering (74)	158.92	−0.4	21.58	8.16	5.73	159.61	157.17	158.15	155.59	182.04
8	Metals and Metal Forming (16)	157.69	+0.2	21.11	9.63	5.71	157.36	154.04	153.62	150.96	162.23
11	CONSUMER GOODS (DURABLE) (50)	206.35	−0.5	17.29	5.95	7.14	207.29	203.14	205.57	202.93	209.42
12	Lt. Electronics, Radio, TV (15)	281.61	−0.8	13.61	4.62	9.43	283.80	277.82	281.97	278.78	265.39
13	Household Goods (14)	113.63	−0.8	26.64	9.54	4.54	114.53	113.37	113.72	114.06	167.00
14	Motors and Distributors (21)	111.18	+0.4	24.17	8.38	4.88	110.73	108.56	109.28	107.07	120.56
21	CONSUMER GOODS (NON-DURABLE) (173)	221.79	−0.6	18.13	6.82	6.81	223.19	217.87	219.37	214.87	209.29
22	Breweries (14)	266.35	+0.3	16.57	6.57	7.08	265.43	260.88	261.87	257.88	228.64
23	Wines and Spirits (5)	317.60	—	17.09	5.83	7.22	317.61	313.65	313.22	308.55	293.26
24	Entertainment, Catering (17)	302.04	−1.9	17.83	6.93	7.26	308.04	295.17	298.50	288.57	273.14
25	Food Manufacturing (19)	201.90	−0.8	20.07	7.21	6.15	203.44	199.70	200.62	197.26	199.39
26	Food Retailing (15)	316.76	−0.6	13.00	4.48	9.19	318.59	313.23	315.19	310.47	230.33
32	Newspapers, Publishing (13)	422.39	−0.4	23.60	7.11	5.83	424.29	415.36	417.11	409.13	386.67
33	Packaging and Paper (15)	123.56	−0.9	24.10	9.19	5.34	124.73	120.80	120.66	118.36	135.01
34	Stores (43)	215.04	−0.5	14.32	5.28	9.02	216.14	210.04	212.10	206.87	193.74
35	Textiles (23)	132.38	−0.8	27.48	12.23	4.62	133.44	131.02	132.74	129.24	179.89
36	Tobaccos (3)	218.46	−1.0	26.09	10.20	4.33	220.73	215.20	217.20	213.56	236.61
37	Toys and Games (6)	43.48	−3.0	37.65	16.47	3.35	44.82	45.60	45.76	45.20	98.95
41	OTHER GROUPS (98)	198.98	−0.6	15.79	6.75	7.71	200.24	195.95	197.94	193.86	197.02
42	Chemicals (18)	296.59	−0.6	16.42	6.72	7.04	298.37	290.19	292.80	288.16	275.50
43	Pharmaceutical Products (7)	207.34	−1.6	12.28	6.16	9.93	210.68	205.13	209.53	204.88	243.35
44	Office Equipment (6)	105.87	−1.8	18.85	7.98	6.62	107.84	105.29	106.74	104.30	140.26
45	Shipping (10)	420.56	−1.0	12.59	7.68	10.14	424.77	418.70	419.62	415.91	427.27
46	Miscellaneous (57)	235.48	+0.1	16.89	6.69	7.50	235.34	232.02	233.55	227.46	212.82
49	INDUSTRIAL GROUP (493)	223.35	−0.6	17.77	6.75	6.97	224.64	219.77	221.41	217.19	219.05
51	Oils (7)	715.28	−0.4	15.74	6.68	6.86	718.40	690.58	684.16	674.03	503.10
59	500 SHARE INDEX	262.35	−0.5	17.35	6.74	6.95	263.79	257.15	258.20	253.58	242.70
61	FINANCIAL GROUP (117)	189.86	−0.7	—	5.82	—	191.25	186.85	188.03	184.25	171.52
62	Banks (6)	223.68	+0.1	37.18	5.81	3.43	223.51	218.83	219.51	214.55	207.47
63	Discount Houses (10)	241.11	+1.7	—	8.23	—	237.06	233.59	232.74	230.19	208.98
64	Hire Purchase (5)	183.14	−1.7	19.34	5.19	6.55	186.27	173.04	177.71	168.65	166.26
65	Insurance (Life) (10)	156.67	−0.6	—	6.71	—	157.54	154.41	156.83	155.22	135.60
66	Insurance (Composite) (8)	126.68	−1.9	—	7.69	—	129.15	125.07	125.72	123.36	121.15
67	Insurance Brokers (10)	287.39	−0.3	17.35	6.83	8.24	288.27	285.34	284.76	279.65	304.12
68	Merchant Banks (14)	95.67	+0.4	—	6.22	—	95.24	93.54	92.24	90.56	80.34
69	Property (44)	336.70	−0.8	3.92	3.19	36.61	339.44	333.23	338.32	330.86	274.78
70	Miscellaneous (10)	128.88	−1.6	16.03	7.03	8.16	130.93	127.11	125.67	123.57	113.58
71	Investment Trusts (109)	207.65	—	—	5.91	—	207.60	204.47	204.98	198.26	210.24
81	Mining Finance (4)	186.67	+0.4	12.35	4.74	9.83	185.87	182.50	180.79	177.82	110.48
91	Overseas Traders (20)	369.95	+1.3	13.56	6.78	8.90	365.30	352.38	348.29	341.67	319.13
99	ALL-SHARE INDEX (750)	244.72	−0.5	—	6.48	—	245.89	239.95	240.81	236.15	223.99

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 17	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	101.33	−0.12	—	0.45
2	5-15 years	106.60	−0.23	—	1.18
3	Over 15 years	112.91	−0.36	—	0.24
4	Irredeemables	133.83	−0.50	—	0.00
5	All stocks	106.78	−0.25	—	0.54

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., Jan. 17	Wed., Jan. 16	Year ago (approx.)
1	Low Coupons	5 years	11.98	11.94	9.86
2		15 years	11.98	11.94	11.68
3		25 years	11.98	11.94	12.48
4	Medium Coupons	5 years	14.14	14.07	13.81
5		15 years	13.63	13.57	13.05
6		25 years	13.51	13.45	13.05
7	High Coupons	5 years	14.57	14.49	13.11
8		15 years	14.09	14.03	13.60
9		25 years	13.79	13.74	13.58
10	Irredeemables		10.99	10.93	12.19

		Thurs., Jan. 17 Index No.	Thurs., Jan. 17 Yield %	Wed. Jan. 16	Tues. Jan. 15	Mon. Jan. 14	Friday Jan. 11	Thurs. Jan. 10	Wed. Jan. 9	Tues. Jan. 8	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	50.31	†14.69	49.92	49.83	49.75	49.53	49.26	49.26	49.15	54.56
16	Investment Trust Prefs. (15)	46.92	14.34	47.00	47.00	46.90	46.86	46.49	46.45	46.45	50.98
17	Coml. and Indl. Prefs. (20)	61.68	14.52	62.14	61.89	61.64	61.57	61.32	61.28	61.24	72.07

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Cons. Gold Fields	25p	13	468	+2	482	178
F.S. Geduld	R0.50	8	£26½	−1¼	£27¾	£11⅞
Grand Met.	50p	8	140	−5	178½	110½
ICI	£1	8	376	−2	415	314
Imp. Cont. Gas	£1	8	680	+7	680	358
Trusthouse Forte	25p	8	155	−3	198	127
BP 'New'	25p	7	145	−3	182	128
GEC	25p	7	349	−7	456	311
Impala Plat.	R0.20	7	290	—	290	138
Racal Electronics	25p	7	203	−1	276	168½
Rank Org.	25p	7	182	−4	300	168
RTZ	25p	7	367	+3	367	226
Rustenburg Plat.	R0.10	7	306	+6	318	94
Shell Transport	25p	7	334	−4	402	278
Turner & Newall	£1	7	142	+8	176	108

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 7	Jan. 18	Apr. 10	Apr. 21
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19

For rate indications see end of Share Information Service

Money was given for the call of Woodside Petroleum, Premier Consolidated, Lonrho, Siebens (UK), Pittard Group, Dunbee-Combex, Charter Consolidated, Western Areas, Consolidated Gold Fields, New Throgmorton Warrants, CT Bowring, Vickers and First National Finance. No puts were reported but double options were arranged in Babcock, London Trust, First National Finance and Town and City.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§70	F.P.	—	92	88	††Bio-kil Chem. 10p	88	......	‡4.9	1.2	8.0	14.0
363	150	20/2	182	128	B.P. 'New'	145	−3	§15.75	6.8	5.5	6.4
§90	F.P.	11/1	111	101	Conder Intl.	108	......	b7.0	2.9	9.3	4.1
§80	F.P.	—	104	98½	Emess Lighting	103½	......	66.0	3.0	8.3	4.6
¶	F.P.	25/1	138	119	Haynes P'blish'g 20p	138	......	bd6.0	2.1	6.3	9.2
§41	F.P.	—	47	41	Lontrim	43	+1	b3.36	1.3	11.2	10.2
£10	F.P.	—	£10½	£10	Sel Mkt TstPrfRedPrf	£10½	......	—	—	—	—
¶	F.P.	11/1	74	68	Spring Grove 10p	74	+1	b4.0	1.8	7.7	10.1
‖‖	F.P.	—	£27	£25½	WereldhaveNVDFL 20	£26	......	QFl.8	1.1	5.1	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
§	F.P.	19/12	98	90½	Amber Day 10¼% Cum. Red. Pref. '99-02	96	+4
¶	£10	28/2	10¾	10½	B'mem'th & District W'ter Red.Pref.1985	10¾	......
¶	F.P.	31/1	99	92½	Bristol Waterworks 8% Red. Pref. 1984	93½	......
‖	F.P.	22/1	98	90	Dundonian 11¼% Cum. Conv. Pref.	98	......
**	F.P.	8/2	86p	85p	Hewitt (J.) 10pc Cum Pref.	86p	......
¶	F.P.	25/1	91½	91½	Mid-Sussex Water 7% Red. Pref. 1985New	91½	......
¶¶	F.P.	13/2	88¼p	78p	Thorn Elec.7%Con.Red.2ndComPrf92-99	87p	−1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing prices p‡	+ or −
12½	Nil	24/1	21/2	10pm	2pm	Associated British Engineering	9pm	+1
520	F.P.	—	—	45	29	Dundonian	42	......
40	Nil	22/1	29/2	48pm	28pm	Elson & Robbins	47pm	−1
560	F.P.	3/1	24/1	780	660	Hammerson Prop. & Inv. Trust	770	......
60	F.P.	3/1	24/1	770	660	Do. A	760	......
A$1	Nil	—	—	45pm	20pm	Hanimex Corp.	29pm	......
12½	Nil	7/1	28/1	23	17½	Laganvale Estates	23	......
60cts	Nil	—	—	390pm	190pm	Pancontinental	365pm	−5
200	F.P.	3/12	1/2	215	200	Pilkington Bros	215	+2
34	F.P.	11/1	15/2	48½	44	Wearwell	48½	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. $US9.66 9.87
Prices on Jan. 7. Next dealing Jan. 18.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 92.0 95.0 12.6
TSBGiltFd.(Jsy.) 92.0 95.0 12.6
Prices on January 16. Next sub. day January 23.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.5	53.3	+0.8	1.95
Abbey Capital	35.0	37.8	+0.1	5.50
Abbey General	45.7	48.9	+0.1	6.01
Abbey Gilt & F.I. Tst.	102.4	107.9	-0.4	4.43
Abbey Income	40.4	43.4	+0.3	8.46
Abbey Intl. Bd. Tst.	94.4	99.9	+0.5	5.56
Abbey Inv. Tst. Fnd.	34.7	37.5	+0.3	5.92
Equitas Prog. Trust	67.6	73.1	+0.4	5.76

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	90.7	95.5	+0.6	13.22

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	73.6	78.8	+0.4	6.09
Brit. Inds. Fund	67.7	71.9	+0.4	6.27
Growth & Income	39.6	42.4	+0.3	5.94
Elect. & Ind. Dev.	34.2	38.7	+0.1	5.43
Allied Capital	74.0	79.2	+0.9	5.43
Hambro Fund	113.6	121.6	+0.6	6.04
Hambro Acc. Fund	139.2	148.9	+0.4	5.41
Income Funds				
High Yield Fd.	68.7	73.5	+0.7	9.80
High Income	68.1	72.9	+1.1	8.09
A.H. Eq. Inc.	39.0	41.7	+0.3	8.37
International Funds				
International	28.8	30.0	+0.3	2.68
Pacific Fund	43.4	46.4	+0.3	2.74
Secs. Of America	59.7	63.9	+0.2	2.19
Specialist Funds				
Smaller Co.'s Fd.	46.2	49.4	+0.5	4.76
2nd Smlr. Co's Fd.	55.5	59.4	+0.6	4.55
Recovery Sits.	117.0	118.8	+1.0	6.52
Met. Min. & C'dty.	55.2	59.1	+0.4	4.98
Overseas Earnings	56.3	60.2	+0.3	5.65
Exempt Funds				
Far East Exempt	51.9	54.0	+0.9	3.28
Smaller Co. Exempt	71.4	75.0	+0.7	5.20
U.S.A. Exempt	105.4	109.6	-0.3	3.19

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	52.2	55.2		6.20

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	142.0	150.0		12.72

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	41.2	44.4	+0.5	11.33
(Accum. Units)	66.1	71.3	+0.9	11.33
Extra Income Fd.	95.9	102.1	+0.6	10.67
(Accum. Units)	101.6	110.5	+0.4	10.67
High Inc. Fund	36.8	40.0	+0.2	9.36
(Accum. Units)	55.1	59.9	+0.3	9.36
(9½% W'drwl. Uts.)	48.5	52.8	+0.2	9.36
Preference Fund	20.8	22.9		14.50
(Accum. Units)	37.1	40.9		14.50
Capital Fund	21.7	23.4		
Commodity Fund	77.2	84.9	+7.9	3.31
(Accum. Units)	116.8	128.1	+9.5	3.31
(10% W'drwl. U.)	61.8	66.7	+5.1	3.31
Fin. & Prop. Fd.	19.4	20.9		5.28
Giants Fund	35.8	38.6		4.55
(Accum. Units)	44.9	48.4	+0.1	4.55
Growth Fund	33.4	36.2	+0.2	3.28
(Accum. Units)	42.4	45.7	+0.3	3.28
Smaller Co's Fd.	28.3	30.5		5.01
Eastern & Intl. Fd.	27.3	29.4		1.00
(6% W'drwl. Uts.)	20.0	21.6		1.00
Foreign Fund	99.2	110.3	+2.6	1.63
N. Amer. & Int. Fd.	30.0	32.6		1.00
Gilt & Fixed Int.	41.9	44.5		6.02

Dealings: †Tues. *Weds. ††Thurs. **Second Thurs. in month. ***Weekly dealing day Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	92.4	97.9	+3.1	5.83

Prices at Jan. 17. Next sub. day Jan. 24.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	31.5	33.6	+0.3	1.88
Do. Aust. Acc.	101.3	108.9	+2.4	1.36
Do. Aust. Inc.	78.3	83.9	+1.9	1.36
Do. Capital	72.7	78.1	+0.1	3.45
Do. Exempt Tst.	113.4	118.1	+0.2	7.11
Do. Extra Income	28.4	30.6	+0.2	9.47
Do. Financial	79.0	84.9	+0.5	4.79
Do. 500	83.1	89.3	+0.4	6.81
Do. General	35.8	38.4	+0.4	6.48
Do. Growth Acc.	49.0	52.6	+0.1	4.98
Do. Income Trust	91.9	98.2	+1.2	7.68
Do. Prf. A'ns. Tst.	189.6	201.6	-1.1	3.87
Do. Recovery	49.2	52.8	+0.3	6.30
Do. Trustee Fund	123.6	132.9	+1.3	6.00
Do. W'dwide Tst.	49.3	53.0	+0.3	3.55
B'tst. In. Fd. Inc.	65.0	67.7	+0.6	6.50
Do. Accum.	79.8	82.2	+0.6	6.50

Baring Brothers & Co., Ltd.♥ (a)(x)

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Jan. 10	183.9	190.8		6.21

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6		6.24
Gt. Winchester O'seas	19.6	21.0		2.52

Emson & Dudley Tst. Mngmt. Ltd.
20 Albemarle St., W1. 01-499 5211

Emson Dudley Tst.	69.6	74.4		6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	73.2	77.0	+0.4	5.74

Fidelity International Management Ltd.
62-68, Queen St., London, EC4R 1AD. 01-248 4891

American	26.6	28.0		1.0
Fixed Interest	25.0	26.4	+0.1	12.7
Growth + Income	28.2	29.7		8.20
Special Sits.	27.4	28.9	-0.2	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	27.1	29.1		2.10
Accum. Units	32.6	35.4		2.10
J. Finlay High Income	32.1	34.5		9.89
J. Finlay Euro. Fin.	23.2	24.9		3.58
Accum. Units	28.7	30.8		3.58
J. Finlay Fd. In. Tst.	30.6	32.9		5.37
Accum. Units	36.9	39.7		5.37

Prices on Jan. 16. Next dealing Jan. 23.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	53.2	56.4		1.30
American Turnaround	52.6	55.8		2.00
Capital Tst.	51.0	54.2	+0.4	5.00
(Accum. Units)	51.0	54.2	+0.4	5.00
Income Tst.	36.2	38.4	+0.4	8.54
Int. Growth Fd.	43.2	45.8	+0.4	2.20
(Accum. Units)	45.6	48.4	+0.6	2.20

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	47.6	50.9	+0.1	5.00
Do. Accum.	65.6	70.1	+0.1	5.00

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Jan. 4	103.4	104.9		5.63
Gross Inc. Jan. 4	69.8	70.5		11.77
High Yield Jan. 4	80.6	82.5		10.42

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD. 01-628 8131

G.T. Cap. Income	108.8	115.7		3.50
Do. Acc.	135.1	143.7		3.50
G.T. Inc. Fd. Un.	170.4	181.2		8.40
G.T. U.S. & Gen.	146.7	156.0		2.30
GT Wld. Bd. Fd.	99.7	102.5		5.30
G.T. Japan & Gen.	71.8	75.9		2.70
G.T. Pens. Ex. Fd.	236.4	248.1		2.30
G.T. Int'l. Fund	168.6	179.3		2.00
G.T. Four Yds. Fd.	45.6	48.5		9.10
G.T. Far East & Gen.	51.3	55.1		3.30

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	35.3	37.7	+0.1	5.52

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	28.5	30.7	-0.2	0.89
British Tst. (Acc.)	59.0	63.4	+0.4	4.64
Commodity Share	39.4	42.4	+0.7	3.73
Extra Income Tst.	21.9	23.6	+0.1	9.94
Far East Trust	33.6	36.1	+0.9	3.05
High Income Tst.	54.7	58.2	+0.4	10.48
Income Fund	73.7	79.3	+0.5	7.42
Ins. Agencies	£14.31	15.27	+0.05	4.53
Intl. Exempt Fd.	90.8	99.1	+0.8	7.35
Intl. Tst. (Acc.)	34.6	37.2	+0.3	1.29
Special Sits. Tst.	27.2	28.8	+0.1	2.91

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2. 01-588 4111

Extra Income	29.4	32.0	-0.7	10.30
Income	40.5	44.1	-0.1	10.20
Accumulation	72.3	78.6	+0.4	4.20
Growth	42.6	46.4	-0.1	4.80
Capital	43.7	47.5	+0.1	4.10
Small Co's	43.3	47.1	-0.1	4.70
Technology	63.3	68.9	-0.4	3.70
Private	43.2	47.0		5.20
Intl. Erns. & Assets	48.8	53.1	+0.1	3.60
American	26.9	28.9		2.28
Far East & Gen.	28.8	31.0	+0.9	2.10

Govett (John)♥
77 London Wall, EC2 01-588 5620

Stockholder Dec. 28	113.8	119.9		3.88
Do. Accum. Unit	141.3	148.9		3.08

Next dealing Jan. 18.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Barrington Jan. 16	234.6	245.2		6.05
(Accum. Units)	271.1	283.3		6.05
Bargin. H.Y. Jan. 17	166.0	173.9	+10.0	10.79
(Accum. Units)	214.7	224.9	+12.9	10.79
Barrgtn. Sm. Cos. Fd.	98.7	103.4		6.48
Endeav. Jan. 15	262.0	272.6		1.92
(Accum. Units)	278.8	290.1		1.92
Grenchstr. Jan. 11	92.4	95.9		3.33
(Accum. Units)	99.0	102.7		3.33
Ln. & Brnss. Jan. 16	70.3	72.7		4.72

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

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FOOD, GROCERIES—Cont.

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MINES

CENTRAL RAND

[illegible]

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[illegible]

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[illegible]

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[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Yld Gr's
390	97	Coronation	390	+15	Q54c	2.2	7.9
650	132	Falcon Rh.50c	650	+10	Q100c	1.7	10.6
48	11	Rhod'n Corp. 16⅔p	44	+2	0.56	6.5	1.8
260	70	Roan Cons. K4	247	–3	Q0.125	ϕ	3.1
67	26	Wankie Col. Rh.1	64	......	Q9c	1.5	9.7
57	9	Zam.Cpr.SBD0.24	51	......	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Yld Gr's
28	18	Acmex 50c	25	......	—	—	—
17	4	ACM 20c	16	+1	—	—	—
82	50	Bond Corp.	80	......	Q3.75	2.2	2.4
171	100	Bougainville 50 Toea	150	–5	†Q15c	1.0	5.2
240	84	BH South 50c	240	+13	♦—	—	—
£23½	340	Central Pacific	£23	–½	—	—	—
318	170	Conzinc Riotinto 50c	274	–12	NQ10c	2.0	1.9
36	14	Cultus Pacific N.L.	18	......	—	—	—
*44	2½	Eagle Corp. 10c	44	......	—	—	—
21½	11	Endeavour 20c	20½	+½	—	—	—
214	62	G. M. Kalgoorlie 25c	210	–4	Q3c	—	0.7
305	148	Hamptn Areas 5p	290xd	+5	3.5	2.8	1.7
75	20	Haoma Gold N.L.	34	......	—	—	—

[illegible]

TINS

[illegible]

COPPER

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Yld Gr's
167	56	Messina R0.50	167	+7	Q10c	ϕ	3.4

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Yld Gr's
81	54	Barymin	62	–2	—	—	—
14½	10	Burma Mines 17½p	12½	+½	—	—	—
425	170	Cons. Murch. 10c.	420	–5	Q100c	ϕ	13.6
585	260	Northgate C$1	530	–40	—	—	—
367	226	R.T.Z.	367	+3	†11.5	3.4	4.5
31	12	Robert Mines	24	+2	—	—	—
65	26	Sabina Inds. C$1	38	+1	—	—	—
880	470	Tara Exptn. $1	515	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♦ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 34

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	26	......
Bertam	16	......
Bdg'wtr. Est. 50p	360	–5
Clover Croft	55	+5
Craig & Rose £1	£10½	......
Dyson (R. A.) A	10	+1
Fife Forge	39	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	825	......
Higsons Brew.	80	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	175	+13
Pearce (C. H.)	370	......
Peel Mills	32	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	166	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£85⅝	......
Nat. 9¾% 84/89	£70⅝	......
Fin. 13% 97/02	£84¼	......
Alliance Gas	67	......
Arnott	340	......
Carroll (P.J.)	52	......
Clondalkin	85	......
Concrete Prods.	80xd	......
Heiton (Hldgs.)	32	......
Ins. Corp.	200	......
Irish Ropes	66	......
Jacob	33	......
T.M.G.	125	......
Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	22	Tube Invest.	27
BOC Intl.	6	"Imps"	7	Unilever	40
B.S.R.	5	I.C.L.	45	U.D.T.	4
Babcock	12	Inveresk	5	Utd. Drapery	9
Barclays Bank	30	KCA	3½	Vickers	14
Beecham	13	Ladbroke	15	Woolworths	6½
Blue Circle	25	Legal & Gen.	14	**Property**	
Boots	17	Lex Service	10	Brit. Land	7
Bowaters	16	Lloyds Bank	24	Cap. Counties	9
B.A.T.	25	"Lofs"	3½	Land Secs.	25
Brown (J.)	7	London Brick	6	MEPC	17
Burton 'A'	22	Lonrho	9	Peachey	13
Cadburys	5½	Lucas Inds.	20	Samuel Props.	12
Courtaulds	8	"Mams"	14	Town & City	2
Debenhams	8	Mrks. & Spncr	9	**Oils**	
Distillers	21	Midland Bank	30	Brit. Petroleum	28
Dunlop	5½	N.E.I.	5	Burmah Oil	15
Eagle Star	14	Nat. West. Bank	32	Charterhall	6½
E.M.I.	12	P & O Dfd.	9	Premier	4½
Gen. Accident	21	Plessey	18	Shell	28
Gen. Electric	30	Racal Elect.	20	Ultramar	32
Glaxo	40	R.H.M.	4½	**Mines**	
Grand Met.	12	Rank Org.	18	Charter Cons.	18
G.U.S. 'A'	30	Reed Intnl.	17	Cons. Gold	40
Guardian	23	Sears	5½	Rio T. Zinc	35
G.K.N.	22	Spillers	4½		
Hawker Sidd	16	Tesco	7		
House of Fraser	12	Thorn	25		
		Trust Houses	14		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday January 18 1980

Water unions give strike ultimatum over 13% offer

BY PHILIP BASSETT, LABOUR STAFF

UNION OFFICIALS representing 33,000 manual workers in the water supply and sewerage industry will today tell the employers that unless there is a favourable response to the union's comparability claim by about the middle of next week, they will begin to draw up detailed plans for a total strike.

National officers of the four unions involved in the industry, which have all cleared the way for taking industrial action after a ballot of the Transport and General Workers' Union yesterday showed an overwhelming rejection of the employers' 13.1 per cent pay offer, met yesterday to co-ordinate their position.

A statement to be presented today to the National Water Council says: "Unless an immediate undertaking is received from the employers that meaningful negotiations are resumed on the trade union's side claim, and in particular the longstanding comparability claim which has been based on the findings of a joint working party report, then the trade unions will have no alternative but to put into effect the demand from the membership of industrial action."

Mr. Eddie Newall, secretary of the trade union side of the manual workers' negotiating body, said that the members of all the unions envisaged industrial action taking the form of a total stoppage.

The unions are claiming increases of £10 a week, based on a joint report comparing water workers' pay and conditions with those in the gas and electricity supply industries. The employers dispute the union's figures. The claim also includes further demands for the establishment of a £75 a week minimum basic rate, shorter hours and other improvements.

Mr. Newall said the unions would expect a reply from the employers "certainly by the middle of next week." If that reply was favourable to the comparability claim, then there would be further negotiations. If not, the full trade union side would be recalled to draw up a detailed plan and timetable for a total strike.

The unions will also today contact Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association, which represents supervisors in the industry, and other unions which represent craft workers, to ask them for their full support for and co-operation with the manual workers' action.

The attitude of the supervisers is central to the effectiveness of any action. The Government's contingency plans for dealing with a national strike, which involve the use of 15,000 troops to take over the manual workers' jobs, depend on the supervisers remaining at their posts.

The manual workers' unions will also be informing Mr. Len Murray, TUC general secretary, of their decision, and they will keep him in touch with further developments.

The National Water Council has said that it is ready at any time for further negotiations, but has not publicly altered its stance that the 13.1 per cent offer is the maximum it can afford.

The result of the TGWU ballot indicated a possible widening of any action. Members in both Scotland and Northern Ireland, where water workers come under separate agreements with local authorities and the Department of the Environment respectively, indicated that they would be prepared to take part in the action.

● Employers of 1.1m local authority manual workers yesterday formally clinched acceptance of a 13 per cent pay deal which will add £260m to the wages bill, and which seems certain to mean further rate increases, manpower reductions or cuts in local councils' services.

Nuclear power speed-up urged

BY DAVID FISHLOCK, SCIENCE EDITOR

GOVERNMENTS and industries were urged yesterday to proceed with nuclear power "without interruption or undue delay" if they want to offset the consequences of an expected decline in world oil production.

This includes commercial demonstrations of fast breeder reactors and spent-fuel reprocessing—two technologies subject to a moratorium in the U.S.

Unless this is done, says a report from the International Consultative Group on Nuclear Energy the nuclear option may not be available when needed. Unsatisfied energy demand would then raise serious risks for world security.

The report, the result of nearly two years of work by senior officials of 15 nations, is published jointly by the Royal Institute of International Affairs (Chatham House) in London and the Rockefeller Foundation in New York. Chairman of the group—which includes a British Government represnetative—is Mr. Ian Smart, a London consultant on nuclear politics.

It says that at least five conditions must be met if nuclear energy is to be available to supply an increasing share of the world's future energy needs:

1—Nuclear power will have to be developed systematically, without interruption or delay. Nuclear power has an important role in containing the risks of war arising from energy shortages, and governments and industries must ensure that the option is kept open "not only for the next decades but also for the long-term future."

2—Nuclear power must earn and retain public acceptance. Government and industries share a duty to demonstrate that public and occupational hazards, in relation to the risks of alternatives to nuclear energy, are "acceptably small."

3—Technologies for using uranium more efficiently must be developed and tested "as soon as possible." This includes demonstrating the commercial feasibility of the fast breeder reactor and of spent-fuel reprocessing.

4—Fear of nuclear weapons proliferation arising from the expansion of nuclear power must be lessened. This cannot be done by what the study calls "technical contrivance" or by unilateral action by a Government.

5—Countries depending on nuclear technology must be convinced that they would continue to receive nuclear services, under safeguards, on terms acceptable to them.

No UK application for steel aid, says EEC

BY GILES MERRITT IN STRASBOURG

DISAGREEMENT between the European Commission and the British Government emerged in Strasbourg last night over the question of whether or not the UK has applied for EEC financial aid to help cushion the British Steel Corporation's proposed 55,000 redundancies.

At the European Parliament in Strasbourg, Mr. Henk Vredeling, EEC Social Affairs Commissioner, yesterday claimed that the UK Government has so far failed to submit concrete proposals to Brussels that would result in relief funding being made available through the European Coal and Steel Community.

But in London, Department of Industry officials have rejected any suggestion that Britain does not avail itself of all EEC financial measures to which the UK is entitled.

Mr. Vredeling told a group of Labour MEPs that in the absence of official notification from the British Government his information on the scheduled BSC redundancies has had to be drawn from newspaper reports.

He had at the beginning of this week's session of the European Parliament stated in a reply to a question that no concrete proposals had yet been received from the British Government on redundancy aid funding for the BSC workers, but is understood to have felt that his concern required further emphasis.

The reaction of Labour MEPs to Mr. Vredeling's remarks has been predictably heated. Mrs. Ann Clwyd, representing Mid and West Wales, said yesterday: "It is unbelievable that any Government should behave so irresponsibly. To attempt to decimate the steel industry and throw so many workers on the scrap heap is bad enough, but to ignore EEC aid in this situation is criminal."

The suggestion that Whitehall is neglecting to apply for Community funds has prompted a number of Labour MEPs to open discussions with European Commission officials on the possibility of information meetings being held soon in UK areas where industrial restructuring seriously threatens employment

Call for £150m new train spending

By Lynton McLain

BRITISH RAIL is to ask the Government in two months for permisison to spend £150m on a fleet of 60 advanced passenger trains, though it told rail unions earlier this month that it had almost run out of money in the current financial year.

The request will go to Mr. Norman Fowler, the Transport Minister, shortly before the first trains, of which prototypes are already built, enter service, possibly in May.

British Rail admitted last night that it would have to do "quite a lot of talking" with the Government before convincing it that the investment in the 150-mph trains would be viable.

There are a number of other top priority investment targets, including improvement of commuter services in London and the South-East, and widespread electrification, but the railways are in serious financial difficulties.

They lost almost £10m in the first six months of last year. The BR board told the rail unions on New Year's Day that it could not afford to implement part of an arbitration award of pay.

The official reason was that BR would have no money available in this financial year.

The board imposed a short ban on recruitment and work was stopped on laying 36 miles of welded track.

Total external financing limit for BR for the year ending in March was cut by £15m to £715m in the Budget.

The board has had steep increases in fuel costs, and tried to stem the worst effects by raising fares between 20 per cent and nearly 30 per cent with effect from earlier this month.

BR says the proposed advanced passenger train is essential for "continued prosperity of the rail network."

Inter-City services earned £342m in 1978. Of this £153m went on indirect costs of track, signalling and other things, including support for parts of the network such as the losing of BR should be generated from

The Government believes more investment requirements of BR should be generatd from improvements in revenue and profits, particularly on improvements in "productivity," rather than higher external financial limits.

The Transport Department, with BR's agreement, has set Inter-City services a financial target.

BR management has to prove to the Government that each proposed investment will make a 20 per cent return on the capital investment. The target will be re-examined after three years.

The target date for the first fare-paying passengers on the advanced passenger train is May 12. This may slip back if technical problems occur.

THE LEX COLUMN

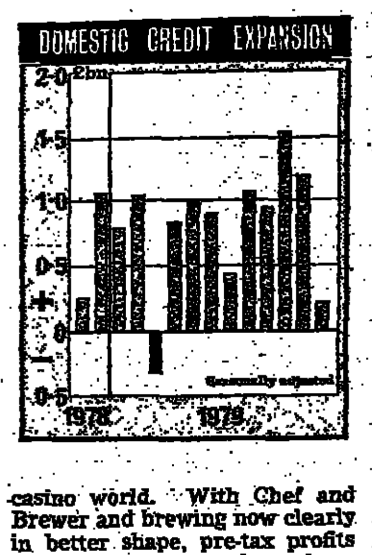
An asset boost for Turner

Consolidating Rhodesia will have a spectacular effect on Turner and Newall's balance sheet. It will bring in net assets estimated at £92m (84½p per share) without any associated debt and as a result group borrowings will drop from the equivalent of something like 50 per cent of shareholders' funds at the end of 1979 to roughly 36 per cent. In practical terms, the effect will not be so dramatic since bankers are at present unlikely to think much of Rhodesian assets as security for international loans. Yet these assets still have a very welcome tangible value to the group.

The effect on the profit and loss account is broadly in line with recent stock market guesses. After a low tax charge, the profits of £12m forecast for Rhodesia in 1980 come out at around 8½p per share. Fully-taxed earnings for the group in the year just ended may have been no more than about 13p per share. Turner also stands to gain over the long term from renewed access to Rhodesia's high-quality asbestos fibre.

But big political hurdles have still to be overcome and meanwhile Turner has troubles elsewhere in the world. A maintained dividend for 1979 is likely to have been barely covered by historic cost earnings and the steel strike poses a real threat to recovery this year. It seems improbable that dividends will be allowed out of Rhodesia for the next year or two and to that extent a settlement cannot improve the group's dividend paying powers over the short term. So the shares still need the support of a high current yield: at 142p the current figure is 11½ per cent.

Index fell 4.7 to 450.8



Grand Met

Grand Metropolitan's wide diversification has allowed it to absorb a series of adverse factors in the year to September and push up pre-tax profits to £136m, a rise of 20 per cent on a comparable basis. Hotels, milk, industrial catering and betting have all been dull. But turnover in the wines and spirits division has picked up 30 per cent and trading profits by nearly 40 per cent; the Ritz casino has put in a full year's earnings; while past investment in chilled food distribution has paid off handsomely, being the main factor in a 38 per cent profits rise in the milk and food division.

The current year should see further benefits from a re-organisation at Mecca, while Grand Met stands to gain from the turmoil in the London casino world. With Chef and Brewer and brewing now clearly in better shape, pre-tax profits are likely to be pushed above £150m. The share price fell 5p yesterday to 140p, where the proposed dividend, raised in line with profits, gives a yield of 6 per cent. The fully-taxed p/e is about 10, and is unlikely to fall next year because of the dilution resulting from last summer's £78m rights issue.

The rights issue—near the peak of the 1979 stock market—highlights the transformation of the group's balance sheet. Helped by the £72m retained profits, the ratio of debt to tangible shareholders' funds has moved down from 66 per cent to 42 per cent over the year. This is a far cry from the 200 per cent and more recorded at the height of the group's troubles in 1974. With diversification out of the UK and away from controlled markets like milk and betting clearly a Board priority, a major acquisition is probably due any time.

Gestetner

The strength of sterling last year was too much for Gestetner to ride out, and a small fall in interim profits has turned into a rather more serious year-end set-back. Pre-tax profits have fallen to £19.1m from £26.1m, and trading margins (after interest) are down to 6.3 per cent from 9.5 per cent; the pressure is still on at the moment, as the pound remains so firm.

The company is confident that the introduction of more advanced copying machinery will enable it to grow. But there must be doubts about how competitive the new products will be—in terms of price and technological sophistication—by the time they enter the market place. It is arguable that Gestetner needs to fill its product gap quickly, either through an acquisition or through a distribution agreement with a competitor, which would allow the group to capitalise on its excellent sales network.

In the meantime, heavy working capital needs have reduced Gestetner's cash from £34m to £23m, and there has been a small rise in borrowings, partly related to the purchase of a stake in the U.S. company Scope. This year, unless sterling collapses, profits are likely to be lower and the balance sheet will become a little less strong.

This rather gloomy outlook is reflected on the share price which has halved over 12 months to last night's 73p. The historic multiple on fully-taxed, fully-diluted earnings is under 5 and the yield on the 'A' ordinary shares a well-covered 7½ per cent.

Money supply

The December money supply figures might have given a fillip to gilt-edged any day but yesterday, when the market was busy consolidating eight days of gains. Public borrowing was rather higher than expected in the three-week banking month, but bank lending was lower, and there seems to have been a direct trade-off between these factors as companies found themselves making smaller income tax payments to the Inland Revenue. Equally, the present hefty corporation tax payments are probably leading to higher bank lending, but no net impact on M3.

Although sterling M3 growth was similar to the November level, external flows were reversed and domestic credit expansion was far lower. Also, the authorities seem to have been buying in maturing gilt-edged stocks quite aggressively—£¼bn in three weeks. This is a useful way of fine-tuning monetary growth when large sales of gilts have been made.

Uncomplaining

Last month, Kitchen Queen's annual report forecast record profits for the year to next August. On Wednesday, following a steep dive in the share price, it announced the resignation of its chairman and first half losses. At yesterday's annual meeting, the first since it went public 14 months ago, a packed hall of investors produced not a single question. Long live the British shareholder.

Weather

UK TODAY

DRY with sunny periods after patchy fog.

London, S.E., S.W., C.S., E., Cent. N. and N.E. England, E. Anglia, Midlands, S. Wales

Patchy freezing fog then dry with sunny periods. Cold. Max. 6C (39F).

N. Wales, N.W. England, Lakes, I. of Man, Borders

Dry, cloudy, sunny intervals. Rather cold. Max. 3C-5C (37F-41F).

S.E., S.W. N.E. Scotland, Orkney, Shetland

Dry, rather cloudy, sunny intervals. Max. 5C (41F).

Rest of Scotland, N. Ireland

Bright intervals. Rain or snow in places. Max. 8C (46F).

Outlook: Cloudy. Rain or snow. Cold with night frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Locarno	R	3	37
Algiers	C	14	57	London	S	5	41
Amsdm.	S	−1	30	Luxmbg.	S	−2	28
Athens	S	14	57	Luxor	F	25	77
Bahrain	C	15	59	Madrid	C	5	41
Barclna.	C	7	45	Majorca	C	10	50
Belfast	C	0	32	Malaga	F	11	52
Belgrd.	C	−2	28	Malta	S	15	59
Berlin	S	−6	23	Mchstr.	C	3	37
Biarritz	C	4	39	Melbne.	S	29	84
Bmghm.	C	2	36	Milan	C	4	39
Blackp'l	C	3	37	M'ntreal	C	−5	23
Bordx.	S	−1	30	Moscow	F	−12	10
Boulgn.	S	−2	28	Munich	Sn	−5	23
Bristol	C	2	36	Nairobi	S	25	76
Brussels	S	−3	27	Naples	R	10	50
Budpst.	C	0	32	Nwcstl.	C	3	37
B. Aires	C	32	90	N. York	C	2	36
Cairo	C	20	68	Nice	C	11	52
Cardiff	C	3	37	Oporto	S	8	46
Casbca.	C	14	57	Oslo	Sn	−6	21
Cape T.	S	30	86	Paris	S	−1	30
Chicago	R	4	38	Perth	S	27	81
Cologne	S	−1	30	Prague	S	−6	21
Cpnhgn.	S	−1	30	Reykjvk.	R	2	36
Corfu	S	13	55	Rhodes	F	17	63
Dublin	C	2	36	Rio J'o	R	25	77
Dbrvnk.	C	11	52	Rome	C	11	52
Ednbgh.	C	2	36	Salzb'rg	C	−3	27
Faro	S	10	50	Singapr.	S	30	87
Florence	C	9	48	Stckhm.	C	0	32
Frankf't	S	−1	30	Strasb'g	C	0	32
Funchal	F	17	63	Sydney	S	23	73
Geneva	C	−4	25	Tangier	F	12	54
Gibrltr.	F	11	52	Tehran	S	0	32
Glasgow	C	2	36	Tel Aviv	R	15	59
G'rnsey	S	4	39	Tenerife	F	13	55
Helsinki	C	0	32	Tokyo	C	9	48
H. Kong	R	15	59	Toronto	R	6	43
Innsbr'k	C	−4	25	Tunis	S	16	61
Invrnss.	S	4	39	Valencia	C	8	46
Istanbul	Sl	3	37	Venice	C	4	39
Jersey	S	4	39	Vienna	C	−4	25
Jo'burg	C	23	73	Warsaw	S	−7	19
L. Plms.	F	19	66	Zurich	C	−3	27
Lisbon	S	10	50				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Gold rises to $760 in London

BY DAVID MARSH

GOLD rose to $760 per ounce at the close of trading in London yesterday, a rise of $5 compared with Wednesday, after a day in which profit-taking pushed the price down to about $720 at one point.

During an afternoon of heavy buying in New York, the price surged at one stage to $800.

During the later rush of demand, most gold futures contracts on the New York commodity exchange were up by their maximum permitted amounts of $50.

Bullion trading in Europe was less heavy than earlier in the week, with some market operators beginning to think that the bullion surge had finally run out of steam.

Silver prices also reacted to their sharp increases on Wednesday, with the London spot bullion price closing at £19.15 per ounce, down £1.75 from overnight.

Tension between the Soviet Union and the U.S. over Iran, Afghanistan and Yugoslavia was again reflected fully on the bullion markets, with the foreign exchanges little affected.

The dollar finished generally higher, rising to DM 1.7235 from DM 1.7215 and SwFr 1.5920 and SwFr 1.5850. Sterling made a late rally, closing at $2.2770 against $2.2680 after dropping at one stage to $2.2535.

The pound's trade-weighted index fell to 71.6 from 71.7.

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Steel strike Continued from Page 1

so far proposed by BSC in its efforts to regain viability.

Each of the two works has a theoretical annual production capacity of 2.5m to 3m tonnes. The intention is to bring down production to a combined 2.75m tonnes a year by the two works.

Sir Charles Villiers said yesterday that the cuts were the best option for the corporation. They would minimise redundancies and not involve mothballing plant.

As BSC cuts sheet steel production in Wales it intends to give up a substantial proportion of its £400m-a-year sheet steel export business, being conducted at little or no profit because of depressed world markets.

Port Talbot and Llanwern lost £11m in the last half-year.

Mr. Roy Evans, ISTC assistant general secretary, said last night the union could not accept the corporation's plans.

ISTC policy was to keep Port Talbot, Llanwern and Consett works, Co. Durham, open and running at full strength.

The unions are taking legal advice with a view possibly to seeking an injunction against BSC to stop the closures, on the grounds that BSC is in breach of its consultative obligations under the Iron and Steel Act.

Mr. Bob Scholey, chief executive and deputy chairman of BSC, wrote to the TUC yesterday saying that British Steel did not believe the closures proposals fell within the Act.

Interest rate Continued from Page 1

show a trend in the right direction but the underlying rate is stil not within the target range.

Moreover, there is a degree of caution about the main monetary influences. Although £1bn to £1.5bn worth of gilts were sold at the end of last week, it is not clear how much was bought by the public and by financial institutions, which will have favourable monetary impact, and how much by overseas purchases which will have no effect. Tax receipts may also not be coming in on the expected scale and public sector borrowing in 1979-80 may be higher than the £8.3bn official estimate.

The trend of bank lending is also uncertain. There are still reports of quite strong demand from companies faced by a tightening financial squeeze. All this adds up to an official reluctance to be too enthusiastic too soon.

In the month to mid-December, bank lending in sterling to the UK private sector rose by £212m, a much smaller rise than in the previous two months. However, the Bank warns that lending may have been erratically low in the period. For example, companies' need to borrow was probably temporarily reduced because of smaller PAYE tax payments to the Inland Revenue

Bank borrowing may also have been reduced because of an inflow of sterling from overseas of more than £200m to the non-bank private sector. This was the counterpart of a large switch out of sterling by the banks, reflecting relative levels of international interest rates in mid-December.

The small rise in bank lending meant that domestic credit expansion of £253m was much lower than in recent months. Central Government borrowing was rather larger than expected at £1.47bn

Dixons to sell chain of chemists

By Robert Cottrell

DIXONS PHOTOGRAPHIC is to sell for about £11m its 166 retail chemists shops acquired through the 1976 takeover of Weston Pharmaceuticals. It sold 13 of the Weston shops last year and the current sales will complete its withdrawal from the sector.

Purchasers include Guinness and Combined English Stores and the shops are being sold singly or in small lots. Buyers have been found for all but 20, and negotiations on the remainder should be completed by April.

Dixons paid £10.7m for Weston. Apart from the shops, which represented the second largest multiple chemists' chain in the UK, assets included the Barclay pharmaceutical manufacturing and wholesaling operations, and the manufacture of smokers' accessories.

The sale of the shops will realise "a net profit of several million pounds," according to Dixons finance director Mr. E. von Greyerz.

Widespread rationalisation and management changes failed to bring the performance of the Weston shops up to expectations, and profits were hit by falling margins on National Health Service prescriptions. The shops broke even in 1978-1979 and made a small profit in the first half of the current year.

Westons is also restructuring the Barclay pharmaceutical operations, which made a small loss in the first half of this year as the disappearance of resale price maintenance put margins under pressure. Barclay distribution depots will be cut from 27 to 12, with the balance sold off.

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